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***20p

Sm Maint OF JORDAN



CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 6; GERMANY DM 2.0; ITALY L 700; NETHERLANDS FI 2.0; NORWAY Kr 4.25; PORTUGAL ESC 35; SPAIN Pta 70; SWEDEN Kr 5.75; SWITZERLAND Fr 2.0; EIRE 200; MALTA 200

GENERAL

3 .

BUSINESS More **UK** loses £10m air strife traffic contract Kabul UR CIVIL AVIATION

Authority has ruled out the purchase of air traffic control Shops and bazaars in the Afghan equipment worth £10m-£20m from Plessey and GEC-Marconi. capital Kabul were closed for the fourth consecutive day and Instead it will buy a U.S. Westinghouse or Dutch Philips system. Page 4 civil servants were reported on strike yesterday after last week's protests against Soviet interven-

● NEW PUBLIC purchasing tion in Afghanistan. policy is being drawn up by the Rebel forces base din Paki-UK in the coming months to stan said that hundreds were killed and thousands wounded encourage British companies to develop new products to win in two days of fighting between exports. Back Page civilians and Afghan troops in • THE TREASURY is in-

with the recent tightening in

● COAL BOARD has placed

orders worth over £50m for

equipment at Yorkshire's new

Selby mine, where production should start in 1982. Page 4

• THE GOVERNMENT is re-

viewing consumer representa-

tion in nationalised industries

and may suggest merging the 43 separate councils. Page 6

• TURKEY is asking Western

governments to provide untied

loans over the next five years of \$8.6bn (£3.79bn) or to re-

schedule a half of the country's

uncertainty of jet fuel prices.

AIR PORTUGAL has halmd

conditional orders with \$300m

(£132m) for five Localized Tre-

Star 1011s, which were to have been signed this week. Page 3

• THE BELGIAN FRANC last

corrective action. In Brussels.

unchanged. The French franc

lost ground against most EMS

partners despite firmer interest

rates, with call-money returning

to the five-year peak of 12% per

cent first touched in December.

while commercial bank prime

rates began to rise on Friday.

The Italian lira confirmed its

position at the top of the system. The Dutch guilder also

advanced to challenge the franc.

mained in the middle, above the Danish krone, Irish punt and

February 22,1980

EGU Divergence

while the Deutschemark re-

Belgian Iranc.

5% GRID

National Bank raised

\$14bn debt. Back Page

COMPANIES

UK monetary conditions.

The Afghan Government said it had crushed an attempt organised by the U.S.. Pakistan and China to mount a revolt, Page 2 and Back

Gwelo bomb

A bomb wrecked a mission printing works at Gwelo, Rhodesia, killing two people shortly before guerrilla leader Joshua Nkomo arrived to address an election rally. Page 2

Coup 'imminent'

The U.S. State Department warned that a coup seemed the central American republic of El Salvador an dihat such action could lead to the severance of \$60m in planned aid. Page 2

Consumer review

The Government is conducting a major review of consumer & LUFTHANSA, the German representation in the airline made a profit less year representation in the airline, made a profit last year nationalised industries, which and expects to be in the black may suggest merging the 43 in this year as well, despite the consumer councils into one hody. Page 6

Pollution alert

Anti-podution vessels were standing by to combat a big crude oil slick spilled into the sea from the tanker Irenes Serenade, which sank off the Greek port of Pilos.

Death sentences

A Central Atrican Republic court sentenced three men to death for their part in killings ordered by deposed Emperor

Soccer clashes

More than 30 soccer fans will appear in court today following clashes during and after Chelsea's game at Bristol Rovers on Saturday. Fans rampaged through the streets after Chelsea's 3-0 defeat.

Aeroflot attack

Thirty people attacked and damaged the Paris office of the Soviet airline Aeroflot.

Tito still grave

President Tito of Yugoslavia remained in a grave condition with pneumonia and severe kidney problems.

Cardinal error

Cardinal Basil Hume, leader of Britain's Catholics, was named on the Heathrow VIP list as the Archbishop of Canterbury when he flew back from Rome. An air-port official said: "It must have been a typing error."

Briefly . . .

A Chinese man who hacked to death his neighbours and their eight-year-old son was executed in front of 10,000 people. Britain's latest heart transplant patient, Derrick Morris, 49, was-

oing fine" at Harefield Hospital, Hillingdon. Widespread floods have made about 200,000 people homeless in seven Brazilian states.

Explosives experts were dealing with three big bombs found on the wreck of a wartime German Dornier aircraft which was being excavated in a Cornwall country park.

on the European Monetary System archange rates. The upper grid, based on the weakest currency in the system defines the cross-rates from which no currency (except the line) may move more than 24 per cent. The lower chart gives each currency's divergence from its "ceptral rate" against the European Currency Unit (ECU), itself a basket European currences.

CONTENTS British Industry: Interview Coin market: A soaring with Sir Keith Joseph 12 business 4 Israel: Coping with a mood Housing cuts: Government the Russians 2 a solution 7
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Management: Cashing in on long-term unemploy of the solution 17

steel dispute; Unifying ment 9.
OPEC prices 12 Survey: Kuwait Inset

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For latest Share Index 'phone 01-246 8026

Private steel strike unlikely to be called off at once

BY CHRISTIAN TYLER, LABOUR EDITOR

off today by leaders of the Iron and Steel Trades Confederation, in spite of the votes of its mem- over. bers at two big Sheffield plants meets this morning, would want procedures." the strike to go on for the time

No. 28,102

asking them to go back this creasing interest rates on certificates of tax deposit in line week.

Workers at Hadfields' two Sheffield plants voted yesterday to return to work this morning. They had reluctantly rejoined the strike ofter mass picketing and the refusal of the local strike committee to give them dispensation as suggested by Mr. Sirs.

Half the ISTC members at Johnson and Firth Brown have already voted to return today and men at the smaller Spencer Clark Industries say they will stay out only one more week. The union will consider ways. Mr. Sirs said. lightening up the strike against British Steel Corporation, now

approaching its minth week. The Transport and General Workers' Union, which has been asked to clamp down on movement of steel by larry drivers, demned steelworkers' pickets. and dockers, is anxious to sit

Mr. Sirs warned last night

that the strike was far from

Some of BSC's complaints being.

"We want them to stay out.
and go back when we ask them."

about the two unions' draft of miners not to strike from today an agreement may be looked at. as requested by their area hut the main demands, includ- leaders has clearly weakened; he said. "I don't think we'll be ing a wage increase of 20 per the force of that implied threat cent with less stringent condi-

Mr. Sirs was speaking after miners would take industrial a visit to Rotherham, where on action if it was sanctioned by Saturday night the union's the TUC and the NUM strike headquarters was gutted nationally. hy fire and a steelworker. The TUC has already planned escaped with his life by jumpar a Sunday demonstration against ing from the window. Mr. Sirs the Government on March 9. said the fire, which police are and a national day of action on face of the arcoter emphasis on treating as arson, had caused May 14.

about £50,000 worth of damage. This and a break-in at the union's offices at Shorton. North Wales, suggested that Government denouncements of trade unions were inciting extremists

"One wonders whether this means they are encouraging Right-wing factions to take action." he said. He called on Ministers to condemn the fire- said. bombing just as they had con-Steel unions, including the

THE SYMPATHETIC strike by alongside the ISTC and the ISTC, meet BSC today in an steelworkers in the private Blastlurnacemen in talks with attempt to defer a closure prosector is unlikely to be called BSC. gramme which would mean loss

of 33,000 more jobs this year. sceptical about the Govern-Unless BSC relemed, Mr. Sirs ment's economic strategy. The said, the TUC General Council Referring to exploratory talks on Wednesday would consider Last night Mr. Bill Sirs, on Friday, he said: "The corgiving effect to the recent warn-general secretary of the ISTC, poration obviously don't want ing by Mr. Len Murray, TUC said he thought his national to settle he issues. All they general secretary, that the executive committee, which want to do is change negotiating. Government faced "big trouble."

But Welsh miners' leaders as

C Courts should have powers to han picket offenders from public meetings and demonstrations, Mr. John Wheeler, Tory MP for Paddington and a former assistant prison governor, sugpested today in a Conservative before the last election Political Centre pamphlet.

"Parliament must frame ground rules to enable the police to do their job effectively," he

Searching for an end. Page 7: Sir Keith's ideas on industry, Page 12

Fairey board favours Hambros-led offer

BY ROSERT COTTRELL

THE BOARD of Fairey Hold-received last year's audited "prefer the bid most definitely." ings. the National Enterprise figures from Fairey in two to. The board saw the Hambros week fell close to its lower limit within the European Monetary System at which the central bank is expected to take some pany, has come out in favour of interest rates on Treasury certificates, but left us discount rate Hambros Bank.

made on Friday, as too low. Nor does it want to be rushed NEB. into a decision, in spite of the 28-day time-limit for acceptance ditional on the NEB's not open-attached to the offer from the ing negotiations with any syndicate.

The syndicate comprises now about 20 City institutions, and the is believed to include the original companies. Electrical, Electronic, Telecom-Thus the NEB is unlikely to

About 11 other companies are future integrity, while a take

These are believed to include None the less, the NEB itself Trafalgar House, which tried to nature of the hid came as no believed to regard the offer, buy Fairey out of receivership surprise to the NEB. Discusis believed to regard the offer. buy Fairey out of receivershin in 1977 but was outbid by the The Hambros offer is con-

contesung bidder. But especially now the Government has eased pressure originally had till the end of next month to raise £100m in munication and Plumbing this way — the NEB is unlikely of Fairey share, and would be Union, which has a strong to forego the possibility of sceking a full Stock Exchange membership among the Fairey securing a higher offer for quote in about two years' tights.

give a formal response to the day that, of all the possible unlikely to show much change Hambros offer until it has options for the company, they over last year's £5.2m.

the £19.5m cash old from an known to be interested in over by another company might institutional syndicate led by acquiring all or part of Pairey, lead to its being broken up. The Fairey Board said the

sions on sale of Fairey to an institutional syndicate had been going on since last September between Mr. Angus Murray chairman of Fairey, and Su Arthur Knight, the NEB chairman, and his predecessor. Sir Leslie Murphy, it said

Under Hambros' proposals, itself would retain 10 per cent The Fairey board said yester- £20m. Profits for this year are

State industries' accounts brought within new standard

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT THE ACCOUNTING Standards nationalised industry accounts,

body on company accounting of matters, has taken action to bring a greater consistency to the accounts of nationalised

It has decided to bring their accounts, which in the past few years have increasingly included controversial adjustments for Malation, within the new inflation accounting standard.

A late addition to

standard, which is in the process of ratification by the councils of the accountancy bodies, indicates that the state companies will not be able to pick and choose inflation accounting policies as in the past. The accounting standard, which will be known as SSAP 16, accepts that the gearing adjustment—one of the adjust-ments in inflation accounting which recognises the gain from borrowing during times of infla-tion—should not be made in state companies' accounts. But it adds in paragraph 51: "Accordingly in such cases

should be shown after taxation and extraordinary items." Some nationalised industries, generally the more profitable ones, wanted the right to ignore the gearing adjustment while continuing to charge interest on horrowings in calculating their pre-tax profits. That approach would mean that their reported profits would be much lower

interest on their net borrowings

now demands. The committee's move, which follows a recent Treasury deci- funds from the private sector panies which undertake to sion that the gearing adjust- without recourse to the Inter- export

Committee, the rule-making is apparently still the subject of discussion between the accountancy bodies and the Treasury. Talks centre principally on the exact wording of paragraph 51 of the forthcoming standard.

Government pressure to make this more flexible may be difficult to respond to, since SSAP 16 is effectively regarded as completed. It was approved by the Institute of Chartered Accountants of Scotland last Friday and goes before the councils of the other main accounting bodies over the next month.

The leading professional body, the English Institute of Chartered Accountants, will practical application." consider the draft on March 6 Details, Page

while the results of a secret committee itself as to whether the standard should now be pubweek.

No significant objections are expected, and last Friday Mr. David Richards, president of the English institute, said in Cardiff that publication of SSAP 16 was scheduled for March 31. Mr. Douglas Morpeth, chair

man of the accountancy pro-fession's inflation accounting steering group said yesterday that he hoped that the standard would be issued at the end of March. He then wanted to see "a period of stability and

Brazil seeks European aid and investment

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

adopt a less restrictive sance toward foreign investment in an effort to enlist aid of foreign banks and businesses, particu-larly in Europe—in tackling her increasingly serious balance-ofpayments deficit.

The deficit this year is offici- pean hanks. than the figure which SSAP 16, ally estimated to reach \$15bu (about £7,5bn).

Brazil is anxious to raise first instance be mining comment should not be applied in national Monetary Fund, and develop.

BRAZIL in a major reversal of the risk of having restrictive past nationalistic attitudes is to Fund policies imposed on it. Prof. Antonio Delfim Netto, Brazilian Planning Minister, arrived unexpected in London from the U.S. yesterday to seel financial help in Europe. He hopes to switch much of Brazil's borrowing from U.S. to Euro

The main beneficiaries of Brazil's new attitude will in the the minerals they

Economic institute's grant halved

By Peter Riddell. Economics Correspondent

THE TREASURY has decided to halve, in real terms, its grant to the National Institute of Economic and Social Research an independent body which has been extremely

cut is equivalent to a sixth of the institute's annual income. The move is being presented already planned to come into as part of the latest round of operation in April public spending cuts. But it will be widely seen as a further. and ministerially approved.

ence. Sheigh Ali Chalifa at Sabah.

The institute was one of the Kuwaiti Minister of Oil, said pioneer economic forecasting recently that volumes would depend for what they can bodies in the UK and it is still depend attached, remain un- well as Mr. Sirs argued that the one of the major sponsors of research into economic policy

and industry. However, the policy line of its nuarterly State's crude oil productionreview has had much less influ- at the new rate of 1.5m barrels once in the last few years in a day.

moreory policy. The quarterly review was Kuwatt under long-term con-described as the "Comic Cuts tracts. Those of BP and Gulf of economic publications" by texpire at the end of March Mr. Nizel Lawson, the Finan- while Shell's runs out in the cial Secretary to the Treasury, autumn. in a Commons debate shortly

The Treasury grant has been about £200,000 a year out of a total institute annual income of £600,000. The new grant will, as before, run for three years and will be, in real terms, half the level of the last three years. There will be some adjust-

ment in each terms since salaries of the institute's research staff are linked to Civil Service pay scoles,

duced its count in 1978. from the Government. To lessen this dependence there has been over styrene imports. a campaign to boost business subscriptions, which have risen pames now under pressure from to initiate some form of action. from 8 to 14 per cent of total low-priced U.S. imports are the

redundancies since the institute has for some time been been so hadly affected it has had cautious about replacing to cut back production. staff who leave.

Kuwait plans 50% cutback in oil supplies

BY SUE CAMERON AND RICHARD JOHNS

Shell and Gulf by at least 50 being negotiated, according to Oil Ministry officials.

In percentage terms, the re-duction will be greater than the cut in production from 2.2m barrels to 15m barrels a day

It is believed, however, that the exact volume may depend on commitments from the three The vote of the South Wales sien of the erosion of the majors to purchase refined institute's former pre-emin- products in future

"on what they can

He did not elaborate, but emphasised Kuwait's plans to consistently expand its refining capacity by expansionist and pro-meomes 1984 to process half of the

> BP, Shell and Gulf have been buying about 1.3m b/d from

BP's liftings have amounted

KUWAIT expects to cut oil supplies of some 3m h/d. Shell supplies to British Petroleum, has been taking 360,000 b/d and per cent under new contracts entra 45,000 h. 4-meaning that Kuwait has provided about per cent of its crude

supplies.

BP soil last night that a number of its representative. were in Kuwait and negotiationover the renewal of the contract

were continuing.
It is thought that the present proposals could cut the amount of oil BP obains on contract from Kuwatt to less than 190.00 b/d-a reduction of more than 50 per ceet. But much of the lost oil much be available to BP through the European spot market, provided the group was prepared to pay the higher rices demanded. Kuwan adouts to have been

selling about 5 per cent of its production on the spot market, but the true level is believed by some well-observers a to larger. well-informed Shelf refused to comment on

Kuwait's plans to cut contract supplies.
Kuwait's plans to reduce total production and to divert oil

away from the major is unlikely to create oil shortages in Europe. Nor is it likely that Shell and BP will put up the to about 450,000 h.'d, or roughly prices of their petrol and other 15 per cent of its total crude oil products as a result.

Cheap U.S. chemicals hit European manufacturers BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN chemical pro-Chemical Industries says its

This is not the first time the institute has faced a cut since the Government backed Social Science Posearch Council reduced the council reduced t Till then, four-lifths of the art new claiming there is evi- ture, institute's meane had come dence for bringing an anti- There is understood to be dunipling case against the U.S. Among the European com-

This latest cut will leave a group. BP Chemicals. Gulf large gap and there will be a Chemicals and Monsanto-both further drive to raise money U.S.-based themselves-and the There will be no sudden French-based Ato Chimie, which says its styrene business has

UK - based | Imperial

The

CEFIC is now believed to be BP Chemicals. Gulf discuss cut - price But European chemical producers, who claim that low-

priced U.S. imports are largely based on America's "unfairly Government-controlled Continued on Back Page

growing pressure on the Council

of European Chemical Manufac-

turers' Associations-CEFIC-

styrene

Who is North Alliant Charles and the control of the



Ask others about Hyster reliability.

When you re choosing a lift truck, particularly if you have an urgent need, the business philocophy of a particular manufacturer may not strike viru as of paramount importance. But choosing the wrong supplier can be an expensive mistake.

So watch your step. You may spot some of the signs before you place. your under Like non-availability or the inability to failor a standard truck. 50 years, it's made Hyster the number one choice for cost-effective to your special needs. But others may not become apparent until you're committed. Like failing to meet delivery promises. Poor reliability.

And non-existent service. Far better to pause awhile and check out an organisation that is dedicated to materials handling and where the customer will always be No. 1. Hyster.

Check our experience it spans 50 years and five continents. Examine out designs. For sheer rugged reliability, technical innovation salety and comfort they're second to none.

Look at our huge manufacturing resources and painstaking attention You If had we can still adapt an individual truck to suit your application But, more than likely, we can meet your needs from our basic range

handling Hyster from Barlow Handling.

See how our trucks stand up to the most demanding applications

And sheck for yourself what our local, on the soot back-up service

is really like. But remember, none of these things happened by chance.

They all spring from an artifude of mind that's remained unchanged for

materials handling loday. And a very good inend to have working for yo

Built stronger to work longer:

Iran bank chief expected to take over oil ministry

BY SIMON HENDERSON IN TEHRAN

year-old governor of the Iranian planning conference in London, central bank, is expected to was one of the intellectuals in by President Bani-Sadr to imple-year's revolution ment further his radical economic ideas.

nouncement but a Tehran newspaper has reported it as being ruling Revolutionary Council. An official at the National Iranian Oil Company yesterday described it as "a certainty."

Mr. Nowbari. a close associate of Mr. Bani-Sadr, would replace Mr. Ali Akhbar Moinfar who, in the changing political conditions of revolutionary Iran, has less influence. Although Iran's oil output is only about half what it was compared during the Shah's regime, the Oil Minister occupies a very senior position and is responsible for annual revenues exceeding

Mr. Nowhari has orchestrated of its assets by the U.S. Mr. Nowbari. who attended

As Central Bank Governor,

Unpublished official figures in Teheran indicate that Iran's There has been no official an-ouncement but a Tehran newsfrom previous levels of 3m to 3.5m b/d. Low spot market prices, unspecified internal difficulties and pipeline sabotage by Arab separatists are said to be the reasons.

> Meanwhile differing views in Iran and the U.S. on the mechanism which could lead to the end of the hostage crisis were thrown into further confusion at the weekend when Ayatolloh Khomeini said it would be up to Iran's General Assembly, which has still to be elected, to decide on the

> hostages' freedom. The statement, broadcast on five-man United Nations commission of inquiry into the Shah's rule were on their way to Tehran, seemed to throw doubt on the whole purpose of the mission. It would no

Mr. Alireza Nowbari, the 32- Petroleum Exporting long-term wishes, any role to play in freeing the hostages. The commis sion has met President Banibecome Oil Minister soon in the unofficial "think tank" set Sadr and Mr. Sadegh Qotbzadeh what is interpreted as a move up by Mr. Bani-Sadr after last the Foreign Minister, but little more than arrangements for the rest of the visit appears to have been discussed. The commission is expected to be in Iran for two weeks.

> Ayatollah Khomeini's words mean that it could be mid-April before the 50 hostages detained at the U.S. embassy are released

> David Buchan reports from Washington: Iran's UN envoy denied on U.S. television yesterday that Ayatəllah Khomeini had gone back on a "deal" linking the UN commission with the release of the hostages.

Mr. Mansour Farhang main tained that there was still "a logical relationship" between the work of the tribunal and the hostages' freedom. He explained the Ayatoliah's statement as a clever bridging of the clash of views between President Bani-Sadr and the militants holding the hostages.

Publicly, the Carter Administration has kept quiet, but in private it is expressing dismay

Gwelo print-works bomb kills 2

BY MICHAEL HOLMAN IN GWELO

A BOMB wrecked a mission to win more than 25 of the 80 printing works on the outskirts black seats in the new National of Gwelo yesterday killing two people only hours before Mr. Nkomo arrived address the concluding rally of his election campaign.

clearly the work of the Selous and all three Mashonaland con-Scouts," a crack Rhodesian com-mando unit, Mr. Nkomo angrily strong challenges from Mr.

Patriotic Front leader went on to address an enthusiastic crowd of 20.000 in Gwelo's Ascot township. He heads the list of stated the presses of Moto, PF candidates for the 12 seats a Catholic weekly newspaper in this Midlands electoral with an 18,000 circulation, region. His officials acknowledge largely among Africans. The that the party must take half newspaper had resumed publithat the party must take half

FINANCIAL TIMES, published daily except Sundaya and holidays. U.S. subscription, rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing

Observers expect that most of the Ndebele stronghold of Mr. is election campaign. Nkomo, will go to the PF.
The explosion was "quite But in Midlands, Manicaland Robert Mugabe's ZANU (PF) in particular and Bishop Abel Muzorewa's United Africa

Yesterday's explosion devathe Midlands seats if the PF is cation last month after being banned in 1974.

Staff of Moto suspect the two

At his Press conference, Mr. Nkomo launched his "Blueprint for the New Zimbabwe." He repeated his pledge to integrate members of ZIPRA and ZANLA the two guerrilla armies, and the Rhodesian forces "into a

Bridget Bloom writes from Salisbury: The first tentative steps towards integration of the rival guerrilla and Rhodesian armies is expected to be announced in Salisbury today. The move is understood to involve less than 1,000 men from ZIPRA and ZANLA, as well as some Rhodesian troops, who will initially be trained

and housed close to each other. Observers see the experiment, which is the result of One of the two killed in the talks between the commanders blast was white, but so far, and political leaders of the identification is impossible rival armies, as a most hopeful step towards the elimination of were killed while setting the clashes after a new Zimbabwe bomb. Government is installed.

Salvador coup warning by U.S.

WASHINGTON - A WARTSing that a coup appeared imminent in the central American republic of El Salvador and that such action could lead to the cutting off of \$60m in planned ald was given by the State Department in Washington yester-

Officials said the overthrow of the ruling civilian-military junta could bring widespread bloodshed and chaos to the country and political instability to the surrounding

The broader concern, they said, was that Marxist forces would eventually benefit from anarchy in El Salvador and neighbouring threaten Guatemala and Honduras. The ruling junta overthrew

the military government of General Carlos Humberto Romero last October to check what seemed to be a slide into open political warfare. But several left-wing groups re-jected as inadequate the junta's proposed reforms which include the eventual nationalisation of banks and foreign trade. Reuter

Hugh O'Shaughnessy writes: El Salvador was plunged further into political turmoil at the weekend, after the murder early on Saturday of St. Mario Zamora, a leading member of the Christian Democratic Party, which is partnered with the military

in the ruling junta.

As the Christian Democrats met yesterday in emergency session in San Salvador, reports circulated that they would withdraw from the junta, thus depriving the military of its only overt civilian support. The way would then be open, according to leading Salvadorian politicians for a coup by right wing extremists, who have been increasingly worried by the growing strength of the Left.

In Washington where the Salvadorian situation is seen as only slightly less worrying than events in Afghanistan and Iran, opposition is grow-ing in Congress to the Administration's decision to supply new arms to the Salva-dorian military. THE AFGHANISTAN CRISIS

Kabul's challenge to Moscow

BY DAVID HOUSEGO, RECENTLY IN KABUL

THE SWELLING volume of protest against the Russian occupation of Afghanistan, which has effectively brought Kabul to a halt, is no more likely to sub-side than did the street agitation against the Shah. Kabulis have been muttering

their hatred of the Russians at every corner since the Soviet invasion-and more vociferously since it became clear the Russians had arrived in strength. and were there to stay.

In shutting shops throughout the capital, they have found a more effective way of demonstrating their unity and humiliating the occupying force than sniping at traffic or blowing up Government buildings

The Russians were certainly expecting increased guerrilla activity in the spring as the Mujaheddin — the loosely-organised bands of Islamic militants and tribal bandits— roamed more freely over the hills to strike at Government

targets.
But in the last resort, provided they could keep the main trunk roads open for a few hours a day to supply their military garrisons in the key towns, the Russians felt they could live with a high level of

But mass civil disobedience cannot be met by an increase in firepower. As the Russians have rolled more armour into Afghanistan, so the bazaars have been closed, from Herat to Kandahar, and now in Kabul Russians in effective control of The Russians face a continuing risk from such resistance—that the awesome impression of strength created backs. Replacing Babrak Karmalantic Russians have serious draw-impression of strength created backs. Replacing Babrak Karmalantic Russians have serious draw-impression of strength created backs.

In addition to the growing Encouraging the Afghan insurgency in the provinces, the army to pursue the insurgents events in Kabul confront the into the hills, while Russian Russians with their most serious troops remain in their fortified

reaction. Bonn clearly believes that Moscow may have seriously miscalculated the of a more stable balance of West's response will be made in talks in Bonn with the due to visit Washington next

challenge since they marched into the country two months ago. An ominous and persistent army is melting away, though probably taking little equipnote in the propaganda from Moscow and Radio Kabul is that ment with them their present troubles spring from the support being given the resistance by "the to the resistance by "the Imperialists," and Pakistan in

exaggeration. But the military régime of President Zia-ul Haq fears that the Russians would use this as an excuse to strike across the border.

CHANCELLOR Helmut

Schmidt of West Germany

has said that the Afghan crisis

could lead to the emergence

power between East and

West, despite present difficul-

ties, Jonathan Carr reports

from Boun. Herr Schmidt

stressed in a speech in Stutt-

gart that a policy of "care-

fully considered reason" was

needed above all. This should

avold the dangers both

of appeasement and over-

It cannot be excluded that the Russians will try to widen the conflict. By doing this, they would seek to distract attention from their own problems and demonstrate to the U.S. through revealing the fragility of Pakistan and Iran, that the Pakistan and Iran, that the be invoked, it is worth recalling American have an interest in a that the Americans tried to settlement that leaves the solve their problems by carry-Russians in effective control of ing the Vietnam war into

by their invasion, which has inevitably enhanced their leverage in the region, will be replaced in the region, will be replaced in the region, will be replaced by a damaging image abroad of vaccilation and weakness.

In addition, to the growing Engouraging the Afghan streets is against the Russians. Encouraging the Afghan

reaction to its intervention in Afghanistan and is now looking for ways of withdrawing without losing face. Further efforts to co-ordinate the Italian Foreign Minister today and Lord Carrington, the British Foreign Secretary, tomorrow. Herr Schmidt is

garrisons, looks an increasingly dubious strategy. The Afghan

Moving onto the offensive in such mountainous country is an unattractive possibility for the Russians. At a minimum, it would mean doubling the 80,000 troops they have in Afghanistan

U.S. State Department officials have been gloating in recent briefings that the Russians could be drawn into a Vietnamtype war-one which could involve them in immense loss of prestige both internationally and among Moslems in Soviet Central Asia and the Middle

But if such parallels are to

neighbouring Cambodia.

The Russians are not, of course, going to trigger a nuclear conflict with the U.S. by driving their tanks deeply into Pakistan or down to the Gulf. But there are options short of The fear in Islamabad is of

a strike at a refugee camp in be a devastating blow to the Pakistan or of "hot pursit" of Afghans, in a civil disobedience

trained and equipped to cope with such an eventuality. Under Gen. Zia, the army has become increasingly involved in the day-to-day administration of Pakistan and grown increasingly

unpopular. Should it falter in such a limited engagement, the blow to the army's prestige could well topple Gen. Zia's régime. In Pakistani Baluchistan, the Russians already have a strong body of support from "nationalists" who have per-

suaded themselves that Russian rule is preferable to General If the Russians were to encourage this opposition—and the Baluchis have been impressed by Russian power-Gen. Zia might feel the need to crush it militarily, as the

Pakistan army has attempted to do in the past. But the result could be to weaken Pakistan Iran's vulnerability to Russian pressure has grown under the Khomeini regime, with its tenuous control over the provinces and with a Russian

army on Iran's eastern border. This weakness makes it difficult for Iran to resist Soviet bullying, whether over territory or the allocation of oil supplies. But none of this pressure would solve Russia's difficulties

in Afghanistan. If the Russians judge they have a long struggle ahead in Afghanistan, then they would have little to lose by shifting the focus over the border, where the prizes are greater and the ground easier.

This would also strengthen their position to press for a regional settlement in which, in return for holding back in be left in control of Afghanistan. Any such understanding would be a devastating blow to the insurgents across the border. campaign. But it is a blow that Pakistan's Army is too poorly would suit the Russians.

South Africa reports trade surplus of \$939m

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA had a favour- year's current account surplus able trade balance of R761.3m (\$938.9m) in January thanks largely to the soaring gold price, according to the latest trade figures. For the first surplus in 1980. time the statistics give a relatively complete picture of the Department of Customs South Africa's trade, by includ-were virtually meaningless, ing bullion sales and purchases because of important exclusions of oil and military equipment, and notorious inaccuracy. The The figures produced by the latest figures show exports of Department of Customs, and just under R1.7bn and imports still liable to considerable of nearly R940m for January. error, give some indication of compared with non-gold exports

balance of payments. With last

expected to total well over R3bn (\$3.7bn) when figures are released in March, South Africa could turn in an even larger Previous figures issued by

the impact which the gold price of R976m and imports can have on the South African R730m in January, 1979.

After making allowance for

the usual deficit on invisibles, the latest monthly figure would produce a current account surplus of more than R7bn. In spite of the improved

accuracy of the new system ofreporting, it will be far more difficult to estimate South Africa's strategic imports of oil and defence imports added and military equipment. Pre about R300m to the latest viously this could be done by monthly import bill, because the subtracting the Customs figures avearge monthly import bill for from the quarterly reserve bank the last three months of 1979

categorised, base metal exports those items were included.

from January 1979, from R116.4m to R149.3m. Precious metal exports, including platinum and Kruggerand sales, but not bullion, rose from R160.4m to R253.4m

On a rough calculation, oil figures, which included both was R647m (excluding oil and ems. military hardware), whereas it
Among items which are rose to January's R940m when

Lloyds Bank Group Results 1979

Under historical cost accounting:

Pre-tax profit:£277m-up49% Retained profit: £162m - up 49%

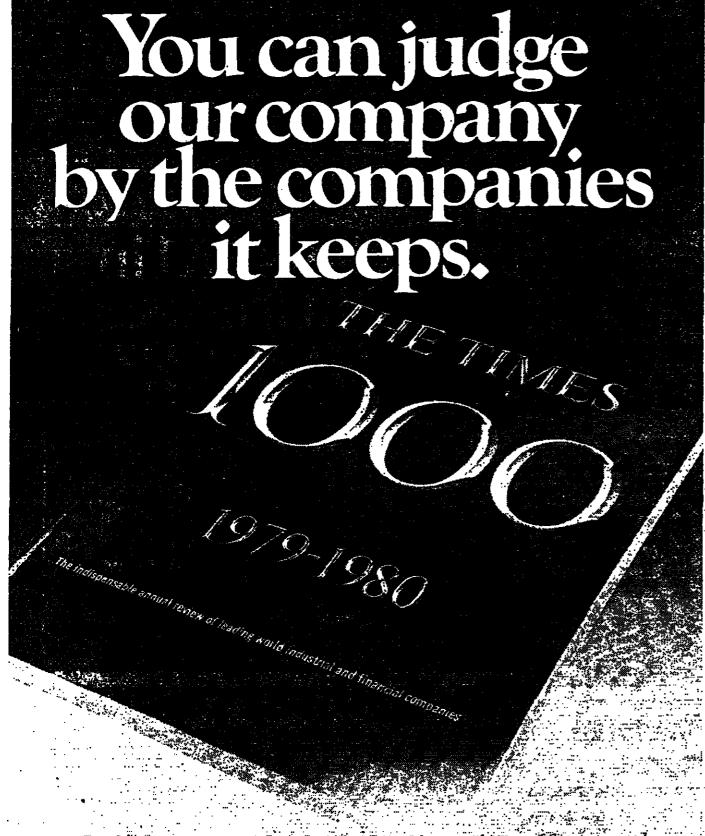
Under current cost accounting:

Pre-tax profit: £170m - up 28% Retained profit: £52m - down 8%

Balance sheet total: £17,459m-up 18% Share capital & reserves: £1,216m - up 16%



Lloyds Bank Group



The CompAir group of companies supplies compressed air equipment to most of the leading industrial companies listed in The Times 1000 annual review.

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innovative manufacturer of the compressed air equipment featured at this weeks IPHEX At the N.E.C. Stand Nos 2G 20/30.



U.S. opposes Soviet bid to change patent rules

THE UNITED STATES has wrangle over voting procedures, someone else to use it in return rejected. Soviet and Third Under the Convention, whose for a fee and regular royalties. rejected Soviet and Third Under the Convention, whose World demand for far-reaching latest version was agreed at changes to the long-standing Stockholm in 1967, a patent not international system of patents only grants exclusive use of the allies arises from their insis-and trademarks used mainly by patented technology for a certence that they will grant

major conference here to revise owne the Paris Convention on industrial property which governs the ing country demand concerns international use of patents in the convention's Article 5A. all areas of industrial technology. The five-week confer-

The conference has reached stalemate over whether deci-sions should be taken unani-the process for three years. The mously as demanded by the patent may be revoked if it is U.S. or by majority as sought by Third World participants. last week threatened to

and trademarks used mainly by Western countries to protect inventors against piracy of their provides legal protection against unauthorised use and use with-

The most important develop-Developing countries want freedom to forcibly give the right to use technology protected by a patent to someone other than not operated for two years after poor in technology, is trying to the "non-voluntary" licence has use the system of investors' been granted.-

walk out.

The convention in its existing
The U.S. has also turned form, allows complete protection The convention, in its existing down other Soviet and Third to the owner of a patent against World demands on the conven- unauthorised use even if he does tions substantive elements, but not, himself, operate the

the Soviet Union and its Eastern tence that they will grant investors certificates instead of patents in such major sectors

heavy engineering.
In contrast with patents.
inventors certificates do not give the holder the right to decide to whom he will sell his invention, at what price and for how long. These decisions are taken by the state which simply gives the owner some financial

such as electronics, petro-chemicals, pharmaceuticals and

compensation. The Soviet Union, which is certificates to circumvent the obligations imposed by patents.

purchase of up to 16 wide-body

The Government however

feels that the scheme needs to

be revised in the light of recent

developments. The troubled air

line incurred considerable losses at the end of last year from a week-long strike by its

pilots during the peak Christmas

company's management.

For the U.S. and its European supporters the key issue is to gets as much protection in the serious negotiations have not patented technology. He may, Third World and Eastern yet begun because of the however, voluntarily licence Europe as in the West.

Lockheed orders cancelled

AIR PORTUGAL, Portugal's into the black within the next which envisaged the eventual national airline, has halted con- five years. ditional orders worth \$300m for a serious blow to Air Portugal. international fleet, formed part which were to have been financing of the Lockheed deal finalised early in 1979 by the signed this week.

The Portuguese Government withdrew its approval of the purthis would have been covered chase over the weekend on the largely by a syndicated loan grounds that the airline's weak financial situation did not justify National Westminster Bank, as a major fleet expansion at this well as special credits from the a major fleet expansion at this stage. Air Portugal's new management has been given 60 days to present a financial restructur- expected to give the loan packing scheme capable of putting age its mandate at the beginning the airline's estimated losses of this week. Es 1.2bn (£11m) in 1979 firmly

Carmany

uP

The Government's decision is aircraft to bolster Air Portugal's

which has been negotiating the of a recovery programme for over six months. An Air Portugal spokesman said that headed by Chase Manhattan and U.S. Export-Import Bank. The Government had been

period, and in the recent Portuguese air controllers' strike. The Government is preparing tough budget for 1980 which The expansion programme is expected to involve strict curbs on subsidies to the public World Economic Indicators sector. This weekend it claimed that Air Portugal's original scheme would have involved a FOREIGN EXCHANGE RESERVES considerable injection of new capital, largely in the form of

direct state subsidies. The Government indicated, however, that the future recovery plan should include increases in tariffs and settle-ment of an estimated Es 1.4bn (£12.8m) in decreasing losses and unreliable assets

W. Germany considers **Soviet** credit limit

WORLD TRADE NEWS

The U.S. and West Germany have been discussing the pos-sibility of limiting Bonn's credit guarantees for trade with the Soviet Union. But Bonn appears to be opposed to any radical change of the guarantee system, fearing it would destroy German husiness Moscow.

The subject was raised during talks between Count Otto Lambsdorff, the West German Economies Minister, and various senior U.S. officials during a visit to Washington. The State is normaily prepared to guarantee export credits for West German companies through the Hermes Insurance con-cern, providing it is satisfied about the political and commercial risks involved.

Count Lambsdorff. accord-West German Press reports from New York, said that "Americans believe that one should simply drop export credi! guarantees." The Minister stressed that this destroy Germany's position with the Soviet Union overnight.

Economics Ministry officials made clear at the weekend that it has been "business as usual" as far as German trade with the Soviets was concerned, and that there have been no snags with export guarantees

URBAN TRANSPORT IN ASIA

Singapore's commuters ready to take to mass transit

THE Singapore Government getting to work has announced plans to establish a statutory board to pre-pare financing and development of 31 miles, 11 of which would

Evaluation of the MRT system began eight years ago with studies commissioned by the World Bank on behalf of the UN development programme. But despite the technical feasibility of such a scheme, Singapore has been reluctant to commit itself to the substantial capital investment involved.

The formation of the board, however, hrings a go-ahead decision nearer, and this is expected to be made later this year following preliminary engineering design, now in its final stages.
The British

croup undertaking the study is Mott Hay and Anderson Over-seas, in association with Halcrow International Partnership and London Transport Interna-tional Services.

transportation The urban scheme is described as one of the most ambitious in all South-East Asia and is being compared with the recently opened Hong Kong transportation sys-

Singapore's MRT would link the city's central district with three new towns in the west, east and north-end: of the city state, where commuters at present frequently face formidable problems in

There would be 31 stations than is the case in Singapore, strategy for Singapore's embe constructed underground, dispatory of the system would be physically trans (MRT) system.

Description of the system would be physically trans placed within less than a mile of cult. some 50 per cent of Singapore's

population of 2.3m. Mott Hay and Anderson want to speculate about the total cost of the railway. But informed officials put the figure at \$1bn-\$1.5bn. They point out that the first stage of Hong Kong's recently opened system was 10 miles long and cost \$1.16bn-although Hong Kong's more crowded environment might have made the implementation

of its design more expensive. At the same time Hong Kong planners had a better-defined financing.

pattern of travel to consider where the tendency for com-munities to live and work in disparate parts of the city makes transport rationalisation diffi-

opulation of 2.3m. of the project would be taken

Neither the Government nor up by civil engineering contracts. while electrical and mechanical contracts for track, signalling, make up much of the balance.

NEWLY-FORMED Marina Centre Holdings has signed an agreement with Singapore's urban renewal authority to commence development of a massive hotel-shopping complex costing hetween \$\$600-\$\$700m

The complex which will comprise three hotels and a shopping centre, will sit on reclaimed land adjacent to Some 75 per cent of the value

and telecommunications would

Singapore has not specified how it would finance the MRT investment, but a delegation from the Ministry of Finance is to go to Hong Kone soon presumably to hear from the authorities methods they have used for

U.S. group backs hotels

(£700m).

Chief promoter and cosponsor of the project is the major Singapore property developer. Singapore Land. while the American architectural group, John Portman, and Asociates of Georgia, is the other co-sponsor. Singapore Land will act as development manager for the project while the American company will act as the project's design

Government here is concerned Republic's drive to upgrade its economy could be jeopardised by a loss of skilled manpower from new high-technology industries to the mass transport project. It is apparently partly for this reason, as well as the need to spread the capital load, that planners are likely to recommend a ten-year period for the completion of the proposed rail-

Serious doubts remain within

Singapore about the MRT. One minister has described it as "a necessary evil and the Gov-ernment would still prefer to find alternative methods of improving the Republic's transport system. However severe measures to restrict the use of private cars in the business district during the morning rush hour and prohibiting purchase taxes on new cars have not seemingly deterred many Singaporeans from private car owner ship. There are currently 300,000 cars on the road, and a further 2,000 new cars are being

registered every month. It is clear, also, that existing bus and taxi fleets are simply not meeting demand-particularly from commuters who live in the high-rise blocks which make up Singapore's new towns The Government says it will

make its decision known after the engineering study is delivered in June.

WORLD SHIPPING REPORT

Russians return as force in grain trades

BY WILLIAM HALL, SHIPPING CORRESPONDENT

MUCH TO the surprise of many Black Sea. shipping brokers the Russians have reappeared as a major force in the grain trades only

and in the Far East they were tion that charterers want to tie Arabian Gulf continues to build ships back to E looking for similar ships for up tonnage before rates rise up. John I. Jacobs, the ship they will be laid trips between Australia and the further. Currently, a 27,000-dwt brokers, estimates that there market improves.

seven weeks after the Americans imposed their embargo on grain sales to the USSR.

Last week they were busy chartering ships of between 25,000 dwt and 50,000 dwt to transport grain from Argentina.

charters. the Nevertheless, over

medium-term, there is not a Gulf/westwards is now standing concensus view about the at worldscale 29.50. direction of rates in the dry cargo markets.

amount of idle tonnage in the

bulk carrier is commanding are nearly 30 Very Large Crude The reappearance of the around \$7,500 per day for one-Carriers (VLCC) (equivalent to soviets, traditionally big charvear charters, and there is talk about 7.5m tons of oil) waiting erers of grain tonnage, has of inquiries for two-year for cargoes in the Gulf at present. The going rate for VLCCs on the standard voyage

> It is expected that some owners will soon start fixing In the tanker market the cargoes at these depressed rates so that they can get their ships back to Europe where they will be laid-up until the

HK companies in China deal

By Anthony Rowley in Hong Kong A VISITING municipal delega-

tion from Canton has signed a perliminary agreement with six companies here to build a HK\$300m (£26.5m) hotel in Canton, a delegation official said.

The partners in the scheme are Sun Hung Kai Securities. Sun Hung Kai Properties, New World Development, Cheung Kong Holdings, Hopewell Holdings and Hendersons Develop-

The project is for a 1,000room hotel, and the Canton municipality will provide a

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Bring you face to face with the future.

BY GUY DE JONQUIERES

CONTRACT for between £10m-£20m-worth, of air-traffic control equipment to be supplied to the Civil Aviation Authority seems certain to be awarded to a non-British manufacturer.

For, although no official announcement has been made, the CAA is understood to have Plessey and GEC-Marconi, on the grounds of cost and because the system proposed by the two British companies is still under development.

The Department of Industry and the Ministry of Defence the contract, it is understood to have offered to support further development of the Plessey-Marconi project but the CAA apparently believes there would be too many risks involved in choosing an upproven

Signaal, a subsidiary of the Dutch Philips group. Both companies have systems in opera-

The CAA wants 10 radar units for air-traffic control in Eastern decided against the joint bid by and South-Eastern England. These would be installed by 1984 and, though primarily intended for civil air-traffic control, would be tied into the airdefence network.

In spite of the limited size of have been the subject of intense behind-the-scenes discussions in Whitehall. Frank Last month Mr. Chorley, managing director of

Plessey Electronic Systems, said that if the joint Plessey-Marconi bid was not accepted,

deciding between other bids the credibility of their whole submitted. One is by Westing-bourse of the U.S., the other by be undermined. Potential export orders worth more than

£200m would be put at risk.

He said that even though Plessey did not plan to market the civil radar system abroad in the immediate future, its re-jection by the CAA would raise doubts in foreign buyers' minds about whether British authorities had confidence in the com-

pany's products.

Mr. Chorley appeared then
to believe Westinghouse was
front-runner for the order. Since, there have been suggestions that the CAA may be looking with renewed interest at the bid by Signaal.

The CAA made no comment on the contract, beyond saying that a final decision is expe

DAVID MARSH LOOKS AT THE BANK'S ACTIVITIES IN THE COIN MARKET

Soaring value of the sovereign business

public sector borrowing, neither the Treasury nor the Bank of England seemed to take the suggestion very seriously.

Central banks the world over reluctant to part with their gold holdings despite the explosion in the bullion price. But, a less dramatic version of Mr. Powell's proposal is already being put into practice in the

Although the physical volume of Britain's gold holdings has been hardly changed since the start of the 1970s, some of the gold stocks are constantly being

The Bank participates in three key stages of the sovereign business. First, it supplies gold from the reserves to the Royal Mint, which turns out the coins. It also channels newly-minted are showing themselves highly sovereigns on to the bullion market via banks and bullion houses, selling them at a prewhich varies according to market conditions-over the value of their bullion content of about 2 oz of gold.

> And in order to keep the level of the UK's gold holdings steady, the Bank is constantly in the builtion market as a buyer to replace gold sold off in the form of sovereigns.

sold and replenished as part of Official details of Britain's the Bank of England's involvement in the production of gold ness are fairly sketchy, but

boom in the past three years. The Bank of England is believed to have sold between 4m and 5m last year, well up on 1978, with demand picking up particularly during the large rise in the gold price in the second half of the

The value of the business has also risen steeply, with Queen Elizabeth sovereigns selling at a peak of over £90 during the January price rush — up from £30 at the beginning of 1979. The price has since come

of the drop in the bullion price in the past four weeks and large-scale selling by coin investors.

Since the Bank normally buys in gold for the reserves at about

premium over the gold content price with a small deduction for manufacturing costs (less than £1 per coin).

The premium has been depressed by this month's burst of selling but has normally worked out at £7 to £10 in recent months-about 10 per-

UK buying has increased substantially since restrictions on ownership and trading of coins were abolished last summer, but down to about £72 as a result still sold abroad. This probably benefited the balance of payments to the tune of £30m to £40m last year.

The premium on newly issued coins has fallen considerably in

WHEN MR ENOCH POWELL sovereigns—an operation which according to reliable reports the same basic price at which percentage terms compared from the trade, eoin production it sells sovereigns, the profit with about 18 months ago, government to sell Britain's the balance of payments: has undergone something of a margin boils down to the partly because of competition Krugerrands, where the premium over the gold content is

much smaller. The Government's profit has probably risen, however, be-cause of the larger number of coins sold, as well as the increase in the metal price. Recently, the wild gyrations on the gold market may have brought a further modest bene-

Although the Bank avoids most new sovereign issues are risky open positions in its twoway participation on the market there has been at least an opportunity for it to make trading profits by replemshing its gold stocks at a lower price

Titan bus manufacture may be switched to Workington

BY KENNETH GOODING.

LEYLAND VEHICLES is likely because it could not agree spite of these setbacks and to transfer production of its production targets with the Workington is the obvious next Titan double-decker bus to Workington, in Cumbria. stantial expansion of the Workington plant, which Leyland owns jointly with the National Bus Company, and generate

tions but it is believed the company has reached agreement was reported that skilled with the Workington work-employees would have accepted force.

the newcomers if a once and

The Titan is being produced for all bonus of £5,000 per man at Park Royal, North London. had been paid. Leyland decided that that plant Leyland is determined to con-

Levland originally intended

workforce.

several hundred new jobs.

But 500 skilled workers at underfractive to planned decker.

Leyland completes all negotiare recruitment of 300 unskilled London people for the Titan project. It

should close in June this year Timue production of the Titan in mell's Metro bus.

place to which the company may turn. The majority of the workanother plant owned by Bus been recruited from the area's Manufacturers Holdings, the declining industries. Under the joint National Bus-Leyland com- original programme, Workington would have been making underframes for the double-

> London Transport intends to buy about 2,000 buses between 1981-84 inclusive, and has said that if Leyland can supply Titans it will get part of this business, the other part being supplied by Metropolitan Cam-

Trinity House orders £9m ship from Robb Caledon TRINITY HOUSE is to order its in the use of diesel electric

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COMPANY

tendering worldwide.

The 280 ft-long ship will service the 800 buoys maintained by Trinity House around the coast of Britain and take stores to offshore lighthouses and light-vessels. It will also odate board members of Trinity House for regular inspections of sea marks. The ship will be diesel elec-tric powered with a service speed of 14 knots and will have

British Shipbuilders said the order meant a lot for the employment prospects of Robb Caledon's work force. "There was strong European competition notably from the Germans and the Dutch and a number of our own yards were quoting against each other," it said. The new vessel will replace the Patricia, built in 1938 by

new £9m flagship from Robb propulsion. Caledon of Leith, Scotland, after The Patricia has on many occasions exercised the Corpora-tion's traditional privilege of preceding the Royal Yacht in pilotage waters, the last time being during the Silver Jubilee Review of the fleet in June.

> The Patricia was one of only two vessels which had participated in both the 1977 review and in the 1953 Coronation Review, the other being HMS

Reliant launches convertible

RELIANT, the Midlands specialist car company, has launched a convertible open-top Scimitar.

Gascoigne Wood is to handle The Reliant GTC, costing £11,360, is one of seven con vertibles on the market:

Coal Board spends £50m on Selby pit project

THE NATIONAL Coal Board has in recent months placed orders worth more than £50m for the new Selby coalfield in North Yorkshire.

The latest, worth £8.5m, has one to Adamson Butterley, the bulk materials handling manufacturer, which will be supply-ing coal handling equipment for the Gascoigne Wood drift mine.

The contract includes high-speed coal conveyors, specially designed feed hoppers at conveyor junctions, a coal and stone loading station and the housing and steel structure for a coal bunker.

all the coal produced by the five other mines being sunk into the Selby field. It will be brought to Gascoigne Wood on conveyors along a network of underground tunnels which reach the surface through two drifts, or incline shafts.

The Selby development, the NCB's largest single investment

project, is expected to cost £600m at 1980 prices of which £254m has already been com-Production from the first

mine is expected to start in late 1982. By the end of the decade, Selby should be producing its maximum rate of 10m tonnes a

for the development of Selby's underground roadway network was recently awarded to the Robbins Company of the U.S. Its British agent is Babcock

Three major civil engineerin recent months. French Kier Construction has won an £18.5m order for the main Gascoigne Wood civil engineering works, which are due for completion by July 1982. This will include extensive railway sidings and roads, a bridge, landscaping, and a large, reinforced concrete surge bunker.

Fairclough Building's north-£11m pithead complex at Riccal mine, including a steel-framed amenity block and two 100 foot winding towers. Dowsett Engineering Construction has a £9.5m contract for similar work at the Stillingfleet mine.

The main civil engineering A 23m contract to supply a contracts at two pits—North full-faced tunnelling machine Selby and Whitemoor—have yet to be awarded. Work at the sixth Selby site, Wistow, is now well advanced.
Westinghouse Brake

Signal, a Hawker Siddeley company, was recently awarded a £2.75m contract to supply ing contracts have also been let remote control and monitoring equipment for a major part of the project.

The equipment will enable a few men using visual display units to monitor and control from the surface the underground bunker clearance system which consists of a network of conveyors and bunkers designed

Pubs say clubs are taking over

THE NATIONAL Union of Licensed Victuallers is to ask the Home Office to consider pub-style restrictions on the 30,000 working men's and similar clubs which, it claims, could mean the closure of some 5,000 pubs in England and Wales by 1985.

The Union says pubs cannot match beer prices—up to 15p a pint cheaper-or the £50-£200 jackpots on gaming machines in the non-profit

It blames brewers' marketing policies and the 1968 Gaming Act limit of a £1 maximum payout on pub fruit machines.

Mr. John Watson, Conservative MP for Skipton, is to ask Mr. William Whitelaw. the Home Secretary, in the Commons to consider ways of giving pubs and clubs

Working men's clubs have almost doubled in number since the War from 17,000 to over 30,000. Pubs now account for only 49 per cent of total alcohol sales, compared with 68 per cent in 1960.

North Sea merger for Swedish ferry groups

BY WILLIAM HALL, SHIPPING CORRESPONDENT

TWO OF Sweden's major ferry capacity. At the beginning of companies are merging their this year it was announced that North Sea operations between move to reduce over-capacity and improve profitability.

Tor Line and Brostroms

Shipping will form a new com- Tor Line. pany—Tor Lloyd—to co-ordinate their North Sea and Baltic operations. Tor Line, jointly owned by Sweden's Salen and Transatlantic shipping groups. will own 65 per cent of the new company. Brostroms will own the remainder.

Brostroms' Swedish Lavy
operation had been losing Tor Lloyd will deploy man money and had entered into an ships on its North Sea services, of which five are former Tor Brostroms' Swedish Lloyd group, Oden Line, some time Line ships, three Oden Line ago. The Oden Line is a fairly vessels, and Ellerman Wilson's recent arrival on the North Sea ship, the Cicero. Two older routes and one of the major freight ferries have been withcauses of the current over- drawn and sold.

it had reached a co-operation Britain and the Continent in a agreement with Tor Line. In October 1978 Ellerman Wilson Line, a British operator, merged its Swedish service with that of

Including the Baltic services. sailings a week. There will be ten sailings from Immingham and Felixstowe to Sweden and Immingham and Rotterdam; and five sailings to Sweden from

Consumer centres 'face closure'

ing party said at the weekend. who make up the bulk of their Mr. Phil Gagg, secretary of clients, need them most."

THIRD of Britain's 220 the Federation of Independent independent neighbourhood ad-vice centres face cuts in finan-especially alarming is that the cial support next year, the centres may disappear at a time Advice Services in Crisis work- when people on low incomes,

No more pick-and-choose for State industries

THE NEW accounting standard, SSAP 16, now in process of being ratified by the councils tains a number of important changes from the draft published last year.

Most significantly, it will cover the accounts of the

nationalised industries, preventing their being able to pick and choose accounting policies as in The standard is intended for listed and other large com-

panies, which are required to give the necessary current cost accounting information in their accounts for periods starting on or after January 1 this year. It calls for a current cost profit and loss account; a reconciliation between current

cost accounting operating profit and the profit or loss before interest and taxation in the historical accounts; a balance sheet, notes describing the current cost accounting policy, and earnings per share figures for listed companies. Other important features of

 Companies will have com-. plete freedom to change over to current cost accounting in their main accounts if they wish. They would then have to give certain supplementary figures on traditional, historic

Two alternative types of

SSAP 16 are:

sentation are included. one the gearing adjustment is average number of employees moved "below the line" and shown after "current cost The Accountancy Standard profit after interest and taxa-

tion."

A "statement of retained profits reserves" is intre-• A : duced on to the face of the profit-and-loss account.

MICHAEL LAFFERTY explains the new accounting standard due to be published on March 31.

It shows retained profit for the year, plus movements in the current cost reserve and movements in other reserves. and ends by comparing retained profits phis reserves at the beginning and end of the

Companies which do not like the SSAP 16 gearing adjustment, described as "definitive," are encouraged to show their own gearing adjustment in notes to the current cost

• A new definition of small companies for exclusion from the standard is adopted, based on the EEC fourth company law directive. company is "small" if if criteria turnover of less

£2.5m in the historic accounts;

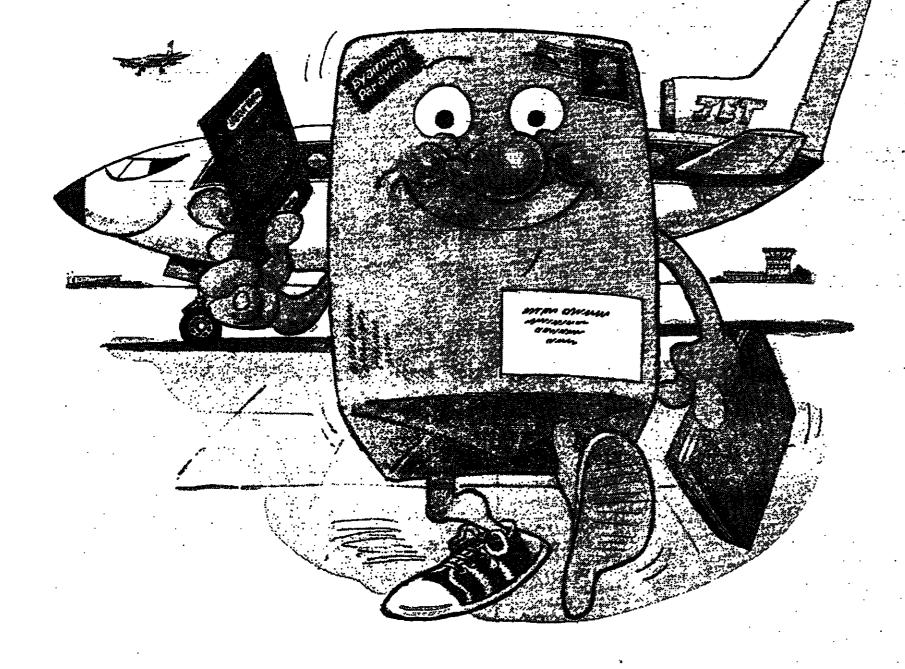
Committee has refused a request from a group accepting houses that banks be exempted from the standard. A joint working party will consider the special posi-tion of banks, which do not have to publish " true or fair '

accounts. Companies can publish "a statment of the change in the shareholders net equity interest after allowing for the change in the general pur-

chasing power of money. A discussion paper is promised soon on putting current cost figures from different on a comparable basis. They are encouraged to give comparative figures adjusted to a common basis with the year's results, and adjust 5- or 10-year statistical statements

similarly. Large companies exempt from the standard, such as insurance, property invest-ment and dealing, and invest-

ment trust companies, unit trusts, building societies, unions and pension funds, are encouraged to standard appropriate to fheir



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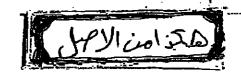
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14 per cent TREASURY STOCK, 1996

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PAYABLE AS FOLLOWS £20.00 per cent

Deposit with tender On Tuesday, 18th March 1980

On Friday, 11th April 1980 Balance of purchase money

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The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 22nd January 1996. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new panny, by instrument in writing in accordance with the Stock Transfer Act 1983. Transfers will be

Interest will be payable half-yearly on 22nd January and 22nd July. Income tax will be deducted from payments of mbra than 65 per annum. Interest warrants will be transmitted by post. The first payment will be made on 22nd July 1980 at the rate of 04.5550 per £100 of the Stock.

at the rate of EA,5550 per E100 of the Stock.

Tenders must be lodged not later than 10.00 a.m. on Wadnesday. 27th February 1980 at the Bonk of England. New Issues, Watling Street, London, ECGM 9AA or not later than 3.30 p.m. on Tuesday, 26th February 1980 at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £95.50 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

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£2,000—£5,000 £5,000—£20,000

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above the allotment price will be allotted in full.

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Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which cese they must be surrendered for registration not later than 11th April 1980.

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unt of Stock tendered for Amount of Sta E100—E2.000

TENDER PRICE(a) AMOUNT OF DEPOSIT(b)

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Investment clamp on Scots lorry project

BY RAY PERMAN, SCOTTISH CORRESPONDENT

blocked further investment by Development Agency in its biggest project, the cross-country truck builder Stonefield Vehicles, which has absorbed £3m.

To keep the company going the agency, Scottish equivalent of the National Enterprise Board, will have to sell all or part of its 76 per cent stake in it. Negotiations are at an advanced stage with one potential purchaser, a U.S. businessman with experience in the motor industry.

He has visited the factory at

Cumnock, Ayrshire, and dis-cussed with the agency what type of financial deal might be

Call to end

stamp duty

on houses

By Joe Rennison

has acceptable. No formal offer has has taken longer than expected. been made. Other possible buyers included two British

lines for the SDA and is keen to see it shed some holdings. The first disposal under this

new policy was last month, when

the agency sold control of the

plastic moulding manufacturer Braidwood Developments. Stonefield is viewed by the agency as one of its most promising prospects, but the development of the truck and

The company won orders from public utilities, the RAF The Government recently which wants 150 vehicles. But issued new investment guideyear it was £1.3m in the red before tax.

> Mr. George Foulkes, Labour MP for South Ayrshire, has been concerned about the future of Stonefield. He will meet Mr. Hugh Jack, the Scottish Development Agency's industry director, today.

Mr. Foulkes said yesterday that he had confidence in the its acceptance by major company and its product, and potential customers, such as its future should not be put at home and foreign armed forces, risk.

Mortgage tax relief 'boosts inequalities'

BY DAVID MARSH

Prof. King and Prof. Atkinson

say their proposals would release a large amount of revenue which could then be

used to reduce general tax rates.

The present situation was inequitable as the cost of accommodation for an owner-

occupier fell as his marginal

tax rate increased. At a constant

level of real interest rates, it also fell as the rate of inflation

In contrast for tenants of

local authority housing, accom-

exacerbated fluctuations

Both

house prices.

THE GOVERNMENT should abolish morgage interest relief THE ABOLITION of stamp duty on house purchase and the raisand make other changes to the ing of the tax relief ceiling on tax treatment of owner occupiers mortgage interest from £25,000 to £50,000 are called for by the to ease distortion and inequalities in the present system of housing finance, Professor Mervyn King of Birmingham University and Professor Tony **Building Societies' Association** in its Budget submissions to the Chancellor. Atkinson of the London School

The ever-increasing price of of Economics argue today. houses in the seventies has Writing in the Midland Bank meant that more and more Review, they say that the effecproperties come under the tive cost of housing services to owner occupiers is kept very stamp duty net. Duty is paid under a sliding scale on all house purchases of £15,000 or more. On a £50,000 house, the low, particularly at times of rapid inflation, by the present system of tax subsidies. duty currently comes to £1,000.

The association points out that when the present threshold was set in 1974, only 16 per cent of houses on mortgage cost more than £15,000. Now the proportion is 71 per cent and the amount of duty paid has risen six fold. The association says the duty

is unfair since it affects only owner-occupiers, In the final three months of

last year, for example, only 48 per cent of mortgaged houses in Yorkshire and Humberside attracted the duty whereas in

rebates gave rise to a serious pattern of disincentives for lowome workers.

This was because they were in "poverty trap" under which they found it very difficult to significantly increase their net income by boosting gross earn-ings, says the article.

The authors suggest that the cost of accommodation for owner occupiers should be made independent of their marginal tax rates and of the rate of inflation. The appropriate solution

would be to introduce a tax on the imputed rental income of owner occupiers, calculated at an appropriate nominal interest rate. Such a tax is in force in other European countries, and a similar levy—Schedule A—operated in the UK until 1963. It had been argued that this sort of tax would be politically unfeasible but the would depend on whether governments wished to continue treating owner occupiers as sacred cows, the article says. Abolishing or at least reduc-

ing-mortgage interest relief would move in the same direction. To ease the position of authority tenants, the attracted the duty whereas in modation costs tended to rise authors suggest setting up a London the figure was 94 per with income. Additionally, the national rent pool and reformment.

The present system of rent and rate ing rent and rate rebates.

consumer councils

THE GOVERNMENT is carrying out a major review of consumer representation in the nationalised industries. It is expected to take several months to complete, and may suggest merging the 43 separate consumer councils into one body for the nationalised industries. Alternatively, the National

Consumer Council could be given extra responsibility for those bodies.

Reducing the number of councils, which cost the Government more than £2m a year primary legislation. The review follows the pre-

Labour Government's proposals to strengthen the councils. This was also recommended by a parliamentary select committee which re-ported shortly before the last General Election.

Mr. Michael Barnes, chairman of the Electricity Consumers' Council, says in his foreword to the council's annual report, pub lished today: "The case for a strong independent consumer voice in relation to the nationalised industries is overwhelming."

He suggests that the power of the nationalised industries over consumers' lives is not always appreciated: "These industries are enormous enterprises that have grown into great centres of power in ways that those who set them up over 30 years ago may not have intended.

The council's annual report also points out "with concern the increasing frequency with which the Magnox nuclear power stations are out of service. Of even greater concern, the report adds, is the delay in large power station

'Flying doctor' service fears

PATIENTS could be put at risk by Medicover, a "flying doctor" service planning to doctor service planning to offer home visits at £5 a time. general 25,000-strong medical services committee of the British Medical Association said. The scheme could undermine medical services to patients, it added. One fear was that the GP and the service could prescribe drugs which

Review of 'Stick together' call to Tories

calls today on the party's supporters to "stick together while the going is extremely

chairmen and agents, he declared: "We have the leadersee this through together. There is no way back."

Lord Thorneycroft's rallying call comes as the Government prepares this week to meet the first full censure motion in the Commons on its economic policies against a background of

express some compassionate understanding of the problems which confront ordinary men and women in this country, is not a Cabinet divided." Lord

"It is a Cabinet which reflects the historic traditions and approach. It should command respect, not criticism." He said that Mrs. Thatcher had the solid backing of the

LORD THORNEYCROFT, Con-party in carrying out the servative Party chairman, policies on which she was elected.

Mr. James Callaghan, who will lead Labour's attack in the Commons on Thursday, offered In a message to local Tory no alternative, Lord Thorney--croft added. . . .

The Government was making ship, the ability and the will to a start on tackling the country's problems, "and the uproar at the sight of a Government actually doing something about it is of course extremely powerful"

Lord Thorneycroft's message to the party will be reaffirmed by Mrs. Thatcher when she is some Cabinet disarray.

He denied that the Cabinet Panorama programme fought, was divided. "A Cabinet fac. The Prime Minister, who ha - The Prime Minister, who has ing such a legacy of economic ruled our early Cabinet changes, damage, whose members will reassert her determination not to be deflected from the course she has laid down. Some of her closest supporters

are gathering renewed optimism from the recent anti-strike votes of car workers and miners... A private Tory Party poll showing Labour's lead down to humanity of the Conservative 3 per cent is said to reflect a growing change in public atti-tudes in response to the Government's appeals to face up to

Tax deposit interest rate raised to $16\frac{1}{2}\%$

BY DAVID MARSH

THE TREASURY is increasing. The Treasury may find it interest rates on certificates of easier to cut public sector borrecent tighening of UK moneary conditions. With effect from today,

interest on deposits placed with the Inland Revenue in advance of tax payments rise to 161 per cent, from 16 per cent, returning to the rate ruling until last mid-December. Interest on deposits with-

drawn for cash increases to 13 per cent, from 123 per cent. The Treasury said the rise reflected recent movements in securities. Tightness on the London money markets over the past few weeks has put upward pressure on the clearing banks' base rates. The City has become increasingly pessimistic about chances of reduction in Minimum Lending Rate before

rehabilitation and improve-

interest rates on certificates of careful tax deposit, in line with the rowing next year than has been recent tighening of UK mone-realised generally, according to stockbrokers L. Messel In their weekly market com-

mentary Messel said that unless taxes are reduced, the public sector borrowing requirement next years is likely to be well under £8bn. This compares with a likely figure for this year of around £9bn Around £1.5bn to £2bn in

extra revenue next year will flow from North Sea oll, and there will be further revenue increases of £3bn, from VAT payments, nationalised industry price increases, and cuts in Britain's EEC contributions. If there are to be major tax changes, Messel suggested the best move would be to raise the

lowest income tax threshold,

Local authorities claim cuts are more than 21%

THE GOVERNMENT'S latest of £2.02bn for 1980/81. cuts in housing expenditure But local authorities, which come with the council hous building programme in England already at its lowest level since

Michael Heseltine, Environment Secretary was called a "national disaster" by AMOUNT OF STOCK opposition MPs last week when he announced a 21 per cent cut in the money to be allocated for public sector housing in England in 1980/81. For English local authorities the reduction works out at almost a quarter while in Scotland the cuts amount to 20

> Some local authorities, building companies and housing pressure groups argue that the cuts will be even steeper than the 21 per cent claimed by Mr. To arrive at this figure the Secretary of State has calculated, at constant prices, the difference between estimated public sector housing

account for around four-fifths of total public sector housing, have traditionally underspent their allocations by as much as 28 per cent in 1978/79.

Critics of Mr. Heseltine's arithmetic say that by comparing the allocation of £2.91bn for the current year with the new allocation the reduction in public spending works out at nearer 31 per cent. For the English local authorities an allocation of £2.4bn for

just over a third.

1979-80 compares with a new allocation of £1.6bn-a fall of It is also thought that Mr. Heseltine has under-estimated projected inflation levels for 1980-81, which has led to an

understatement of the effective reduction in spending levels. The significant level of underspend by local authorities in recent years contrasts with their bitter complaints about

expenditure of £2.55bn in successive cutbacks in alloca-1979/80 and the new allocation tions. It has been argued that HOUSING EXPENDITURE BY LOCAL AUTHORITIES IN ENGLAND 1977-78 £2.541bn

£2.953bn £3.871bn 1977-78 £1.424bn £1.525bn £1.117bn £900m 1977-78 £521m 1979 1975 1976 1977 95,000 47,000

† Allocated

NEWS ANALYSIS— **HESELTINE'S HOUSING PLANS** BY ANDREW TAYLOR

more money should not be made, within an already tight budget available while councils are unable to spend all of existing allocations.

However, local authorities say that their failure to meet spending targets is the result of "slippage" and management problems rather than a reflection of actual need.

They say it is very difficult to budget for medium and longterm projects when annual allocations are being gressively reduced. Equally delays can easily occur in rehabilitation and improvement programmes as alternative accommodation has to be found for the occupants of the homes involved before work can be

The table shows how since 1974-75 total annual housing expenditure by the English local authorities will have been cut by almost 60 per cent by the end of the next financial yeareven if councils spend all their 1980-81 allocation. The effect on the new build-

programme has been dramatic. Last year work on only 47,000 new council homes was started in England compared with 110,000 in 1975. This, in part, reflects change in emphasis away from

buildings towards rehabilitation and home improvement work. It is estimated that in 1979-80 around 29 per cent carried out. Those problems are of total local authority housing own direct lat exacerbated while operating expenditure will have gone on for this work.

Building material suppliers and housebuilders are now evaluating what impact this will have on their business at a time when the home construction industry as a whole is in retreat. Companies which rely heavily on public sector spending will worst affected. Around twothirds of the business of Crittall

13.5 per cent in 1974-75.

Windows, part of the Norcros Group, for example, is generated by the public sector, much of it from local authorities. And Crittall has already been substantially reduced in size through a process of closures and rationalisation, reflecting earlier spending cuts. The bulk of local authority

house building programmes are carried out by private contractors. A much smaller proportion of rehabilitation and home improvements is done by the private sector with councils preferring to use their own direct labour organisations

ments. This compares with only the new construction programme could hardly have come at a worse time for the housebuilding industry which saw UK private sector starts fall from 157,000 in 1978 to 139,000 last year, with a further reduction expected in the current year.

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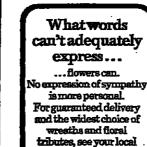
Accepted the control of the control

At first glance the cuts in

However, in spite of this lower level of activity—part of the 1979 fall can be attributed to bad weather at the beginning of the year-margins on private housebuilding sector remained reasonable. Equally the

demand for private housing remains very strong and the industry is confident that it can weather a short-term reduction Those that will feel the pinch are the contractors and building material suppliers which rely

heavily on the public sector. But worst off will be the people on council house waiting lists—of which there are still more than Im-and those in homes needing major improve-



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STEEL STRIKE . . . CHRISTIAN TYLER ON THE NEGOTIATING POSITIONS

In search of the means to an end

THE STEEL strike enters its ninth week on Wednesday, with the British Steel Corporation and the major unions seemingly as far apart as ever on the fundamental issues. Although the deficence between them in terms of cash offered and demanded is considerable, it is demanded is considerable, it is the means of raising the cash

that divides them most sharply. But now, at least the negotiating positions of the two sides have been precisely defined. Exploratory talks on Friday between BSC negotiators and leaders of the Iron and Steel Trades. Confedential Trades Confederation and National Union of Blastfurnacemen were not exactly encouraging, but both parties will be final offer of the BSC, itself

the product of about nine drafts. Put crudely, the unions want 20 per cent for the 15-month period January 1, 1980 to April 1, 1981. The BSC's last formal offer was 14 per cent for the 12 months from January.

The figures break down in the following way. The unions are asking for a 15 per cent rise. payable from the beginning of next month, in return for an enabling agreement in which a number of concessions are made to greater efficiency. They also drawn up comprehensive pro-

posals in reply to the last and reviewing their positions as the ninth week approaches. cent, paid weekly from April 6, in exchange for giving the go- the hudget of wage costs be subject to local negotiation, ahead for a new kind of lump following streamlining already. They entirely rule out BSC's sum honus scheme to be nego-

A union amendment to the first clause of BSC's draft well illustrates the clash of views on what the BSC calls the "selffunding principle" to which it

The BSC says that because of its serious business difficulties there should this year be "significant pay increases, but these must be financed through improved performance." The unions' amendment says they must be financed "as far as possible" through improved through improved performance.

In other words the unions continue to insist that there are other ways of paying (if only the Government would permit

eliminating overtime working; £20m from transferring to the State the cost of the BSC's job want an unconditional 5 per creation subsidiary BSC Indus-The ISTC and NUB have tries: revising the closure programme to release some of the £290m set aside for severance pay: halving the level of stocks to yield a saving of £40m; and revising downwards by £106m achieved.

BSC costed the unions' The BSC has offered 10 per demands at around £250m. cent for a much tougher enabl- In general, the unions' ing agreement—it values the counter-proposals accept the

union disputes, commissioning of capital projects, completion of work-measured incentive schemes, some alignment of maintenance and process work (though not a common wage structure), absenteeism, overtime and payment of wages through bank accounts. To reduce absenteeism, they sug-

gest national union guidelines and attendance bonus. They reject the BSC's plans for a national trade union body to monitor and guide local productivity bargaining, and also reject BSC's efforts to set up national joint bargaining machinery for wages and a common wage structure. But they are prepared for joint

ISTC-NUB committees t negotiate productivity locally. sources of money, totalling are deleted. The unions prefer to talk about "interest in the control of manning at ongoing plants" are deleted. The unions prefer to talk about "interest in the control of manning at ongoing plants" are deleted. Phrases like "streamlining to talk about manning levels," and "discus-cions" instead of "commitments." They agree on the necessity for the restructuring of work at all levels" to this end, but with a different deadline.

They accept, too, the possibility of non-recruitment, and redeployment, hut say it must

The whole basis of payment for the proposed new bonus schemes is challenged. As explained above, the ISTC and NUB want a 5 per cent enabling payment regardless of whether it is followed through locally. with the present £50. This They also say that such bonuses item, along with provisions for

1981, not January, 1982, as BSC proposes. They also want a new minimum rate figure of £65 a week from April 11 compared They also say that such bonuses should be payable at department level and above, not at the provisions for workers under 21, may, however, be negotiable.

Ships' officers dispute

BY OUR LABOUR STAFF

OFFICERS OF two ships in the Esso Petroleum tanker fleet have refused to sail, in protest at company proposals for new working practices.

According to the Merchant Navy and Air Line Officers Association, men of the Severn' berthed at Milford Haven decided yesterday to stay ashore following a similar decision on Friday by officers of the "York" berthed at Immingham.

Mr. John Newman, assistant general secretary of the union. said that unless the company came quickly to terms with the union, the action could spread through the 29-vessel Esso UK fleet.

He said the company was proposing manning reductions and new responsibilities, including the transfer of some maintenance work from shore

to ship labour.
The union, which supported the action of the two crews, was particularly aggrieved at the company's plans for non-union consultative commiltees.

Esso said that the "York" was expected to sail last evening, and that officers on wo other ships, the "Ipswich" and the "Hum " both at Fawley, hants, had been approached by the union and had refused to take industrial action.

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TRAFALGAR SQUARE

BL heads for more trouble over offer to white-collar staff

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

pay plans from both whitecollar and manual unions.

staff unions, representing more cent for craftsmen. than 20,000 workers, appear to have stumbled at the first hurdle. The unions totally re-ject demands that any pay in-crease should be linked with of the workforce are to meet more flexibility in working on Friday. conditions.

national automotive secretary tures of union leaders, the profor the Transport and General Workers' Union, also warned that any attempt to impose different working practices on the \$0,0000 manual workers would lead to a shopfloor revolt and a series of strikes.

Meanwhile, staff unions representing white-collar workers are insisting that any increase the company time to reconsider its position. Union leaders are cent. at the conditions attached to the company pay Imports, at 56.5 per cent. were offer of around 5 per cent.

his impatience at the deadlock for the whole of February last the manual workers' pay talks which the company Another 190 production believes is creating uncertainty workers will be layed-off today and damaging market perform- at BL's Pressed Steel Fisher

on short time to try to clear of the 1,200 workers.

BL CARS was heading for the backlog of unsold stocks. ore industrial relations Assembly of Rover saloons at ouble last night as Sir Solihull, and Princess, Maxi and Michael Edwardes, the chair- Marina cars at Cowley, will man, faced opposition to his stop for four weeks.

BL has refused to increase its pay offer of 5 per cent for Negotiations with the four manual workers and 10 per

Union negotiators, who have been threatening militant action

Mr. Hawley was adamant last Grenville Hawley, night that even with the signaposed working practice reform: could not be made effective.

"The company He said: would only be storing up battleground for the future. As soon as the time and motion men moved on to the shop floor, the trouble would start. We would get strike after strike.' BL Cars, in the first 21 days should not be part of a total of February, gained only 18.1 package and they have given per cent of the UK market. compared with Ford at 33.1 per cent. Vauxhall took 9.3 per cent and Talbot 6.3 per cent. slightly down in total sales of Sir Michael has made clear 104,000, compared with 133 000

rice. plant at Speke, Liverpool. It From today, around 23,000 will bring the number of layemployees will be laid off or offs to 380, more than a quarter

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Or telephone 01-828 3400.



Exam urgent, say teachers BY MICHAEL DIXON, EDUCATION CORRESPONDENT GOVERNMENT commitment to compulsory school age but not

plus examination is urged in

a policy statement issued by the Association of Schoolmasters and Union of Women Teachers

the early introduction of a new cond largest teachers' union

academically bright enough for GCE Advanced levels.

The NAS-UWT says that although total numbers of school pupils are falling, the The 120,000-member National number staying on beyond the speciation of Schoolmasters age of 16, can be expected to and Union of Women Teachers increase partly because of the schools for urgent authorisation of development work for the urgently need the 17-plus, which exam, which would be for would be called the Certificate children staying on beyond the of Extended Education.

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125 YEARS OF MERCHANTBANKING

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Building and Civil Engineering

£28m Nigerian hospital contract £44m worth

for a further stage of construct is due for completion in supply, sewage disposal and tion of the Sokoto Teaching autumn, 1982.

Standby electric supply. Hospital, Sokoto, State, Nigeria. has been won by Taylor Wood-

The award has been made by the Federal Ministry of Health and the work will be supervised by the Federal Ministry of by the Federal Ministry of residences, and support service Works and Housing. The con-buildings. Also called for in

shire new town.

The contract, worth £71m, has been awarded to R. M.

Douglas Construction and the

road will take two years to

than £1.8m has gone to Fair-

Kings Cross rail-tube inter-

change by London Transport,

acting as agent for British Rail.

Financial

1979

Highlights as per

WestLB International S.A.

32-34, boulevard Grande-

Duchesse Charlotte

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Luxembourg

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September 30,

£7½m road for Telford

WORK WILL start soon on the to Sutton Hill in the south on the stage of Telford's Eastern the A442.

change on the A5 road and the large amount will be taken to

Wombridge interchange in the Old Park and Telford Centre

north-east of the East Shrop. where it will be used to create

build. It will provide an uninter-rupted dual carriageway run-coal seams will be exposed. It

ning from Trench Lock on the is hoped that about 18,000 Telford-Newport (Salop) Road, tonnes of coal will be won.

MANAGEMENT FEE contract station shell now under con-

clough Building for work at level as well as finishings for a

This involves working at three way linking the new station levels concurrently on the with the existing Piccadilly and installation of finishings to the Victoria tube lines.

International

Rail interchange work

for a scheme valued at more struction.

Three ward blocks, in addition to the three existing blocks built under an earlier stage, are to be constructed. In addiand treatment block, nurses are Comprehensive the contract are mechanical and Services International (Nigeria) electrical services for the

new landforms in connection

tion with future development

there.
The route runs almost wholly

through an area where coal

seams occur and in a large cut-

A new booking hall and offices will be provided at street

passenger footbridge and stair-

case at two underground levels. together with a 220 metre sub-

Balance Sheet Total

Securities

Profit

Amounts due from banks

Amounts due to banks

Share capital fully paid

Loans and advances to customers

Current deposits and other accounts

Reserves after allocation of profit

Advances to non-banking finance establishments

The unabridged annual statement as well as the profit and loss accounts will be published

in the "MEMORIAL, Amisblatt des Großherzogtums Luxemburg, Ausgabe C" (Official Gazet of the Grand Duchy of Luxembourg, edition C).

Six years ago Taylor Wood- Holst row of Nigeria was awarded a contract for the central core tion there is to be a diagnostic of the new hospital. This consisted of an administration building and amenity ward, and two general hospital wards, with accommodation for 188

Will locate deep down Primary Road—the one and a half mile long "missing link" between the Greyhound interdrains

A HEAVY DUTY transmitter probe developed by Electrolocation of Bristol has been christened "Big Bertha" in view of its ability to locate nonmetallic drain runs at depths to

The capsule is 2 ft long and 41 ins in diameter. It contains a powerful transmitter operating at 3.5 kHz which is able to propagate a signal that can be picked up on the surface by the company's GPR receiver. Builtin flotation chambers giving a draught of only 3.5 ins allow the probe to be floated through on a tether. Pencell alkaline batteries provide a life of four hours of continuous use.

The passage of Big Bertha can then be followed on the surface to trace the run of the

More from the company at 129, South Liberty Lane, Bristol,

A CONTRACT valued at £28m of Lagos. Work, now starting, entire site including water to Norwest for a further stage of construction is due for completion in starting to including water to Norwest

WORK WORTH more than £41m has been awarded to Norwest Holst, including a £1.3m job for the Property Services Agency for the construction of a com-puter building with associated external works at Gosport,

Four contracts valued at £1.3m include: £208,297 for laying ductile iron water mains from Patterson to Dodside, Strathclyde for Strathclyde Regional Council Water Department; £264,483 for ductile iron water mains at Newbury for Thames Water Authority: two jobs—£455,000 and £375,000— for British Gas Corporation for a mains and service laying period contract in the north Kent district and similar work in the Mersey, south Lancashire and west Lancashire areas.

Mechanical installations division has been awarded two contracts in south Wales with a total value of £214,510, comprising installation of equipment for a plastic strapping line at Signode's factory near Swansea, and British Steel Corporation project for the conversion of a 3 stand mill to a 4 stand mill. A £1.2m contract for Amey

Roadstone Corporation's new head office block in Chipping Sodbury, Avon, has been won by sister company Nott Brodie. Norwest Holst Southern has been awarded £200,000 for the construction of reinforced con-crete hoppers and bunkers on a mechanical installation scheme at Tilmanstone Colliery, near Deal, Kent, being carried out by Babcock Minerals Engineering on behalf of the National Coal Board.

in million US\$

4.086

1,368

2,077

264

233

3,647

139

58

82

20

Housing and factory work £13½m steel

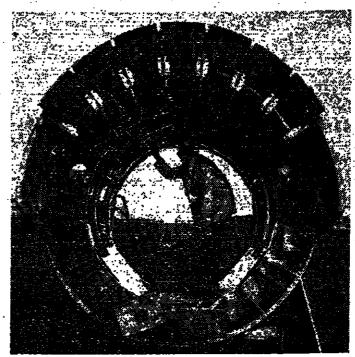
A SUBSIDIARY of London and valued at about £1.4m. John Northern Group, E. Fletcher Crossland is building a ware-builders (Midlands), has been house for BBC (Morley) while Northern Group, E. Fletcher Builders (Midlands), has been awarded contracts worth 23 m. The largest is for the Metropolitan Borough of Wolver-hampton, for 208 dwellings and is worth £3.18m. Work is scheduled to start in March and be completed in mid 1981.

The other contract is for the construction of 18 flats at Erdington for the Penns Second Housing Association.

In Scotland and the north of England other members of the group have gained contracts

Border Engineering Contractors has won contracts for a factory extension at Lillyhall for Leyland National and for alterations to the factory of Dorman Smith Fuses at Salterbeck for English Industrial Estates Corporation.

Tractor Shovels Contracts is undertaking earthmoving and surface work on the Al trunk road south of Penmaenshiel for Development Scottish



This 1.800mm diameter shield, designed by the Delta Construction Company, will be used to drive a 1km long drainage tunnel for stage 5 of the new Bournemouth, Hants, town centre by pass. The tunnel will be driven at a depth of about 50 ft behind two of these shields. Value of the contract is worth about £1m.

Easy-to-assemble ducting

PROMISING BENEFITS to in- push-fit connecting pieces and stallers of ventilating systems, a range of fittings.
to electricians and builders, is No skill or specia the Speediduct system of extruded pvc ducting designed to a saw, screwdriver and tape speed up installation of small-measure—and lengths of ductscale ventilating systems, says ing are simply sawn to require-Villa Plastics, Glendale House, ment and connected by either 155 Harlington High Street, Harlington, Middx (01-897

This system consists of threeinch square white ducting with ing runs.

No skill or specialist tools are required-minimum needs are measure—and lengths of ductstraight-through pieces or bends. When connected, the joins are hardly visible. says the company, and it is very metre lengths of seamless four- easy to construct complex duct-

Cash aid for students

education is a major disincentive to continuing his education, a trial scheme (under which up to 200 postgraduates under-taking part-time study for Masters degrees will receive financial assistance) has been announced by the Science Research Council, North Star Avenue, PO Box 18, Swindon (0793 26222).

Objective of the trial scheme to establish whether this claim is a fact for part-time postgraduate scientists and engineers in industry.

Initially, up to ten bursaries will be available for two suc-cessive annual intakes on each of ten MSc courses at nine polytechnics and one university in the 1980-81 academic year.

Courses have a strong indus trial bias and the bursaries will cover fees (including CNAA registration) plus £100 per annum as a contribution towards

BECAUSE IT is often claimed the student's costs (for example

that the financial penalty to the travelling, books) over the and handling charstudent involved in part-time approved duration of the course. with longer tyre life.

plant complex

CEMENTATION Construction. is to undertake three contracts with a total value of about

The main project is a £13m contract to build an industrial complex for a new steel fabrication plant in Darlington for its sister Trafalgar House Company, Cleveland Bridge and Engineer-

The new factory will house modern cutting, forming, assembly and welding plant. Total cost of the plant is estimated at £28m. The 23month operation is scheduled for completion at the end of

The other contracts are quite small and are for a factory in Cogan Street, Barrhead for Pascoe Tool and Engineering (£30,000) and for work on the Corrie Bridge near Lockerbie, Scotland, for the Dumiries and Galloway (£74,000). Regional Council

Modernising a store

MODERNISATION of Littlewoods store in High Street, Lincoln, is to be carried out by John Laing Construction under a £819,000 contract.

Work at the store has just started and involves extending

Boyis has been appointed the prant room at roof level, management contractor for the converting the first-floor stockroom to a sales area, building two new staircases, installing an escalator and repositioning staff coms at first-floor level. Completion is due by October.

A quieter compressor

SAID TO have a noise level of only 69 dBA at seven metres is a new compressor set intro-duced by Hydrovane Com-pressor Company, Redditch, Worcs. (Redditch 25522).

Much noise at source has been eliminated by uprating the engine mountings, exhaust, air cleaner and rearrangement of the internal air flow. Also, by redesigning the

canopy, the company's engineers have successfully created sound absorbing barriers which reduce projected noise and, on the underside of the compressor, several changes to the suspen-sion and axie assemblies are claimed to give improved weight and handling characteristics,



FACTORIES OFFICES & WAREHOUSES

CRENDON CONCRETE CO. LTD Long Crendon Bucks,

Tel: 208481.

Access to awkward

FT HAS always been a problem for decorators to reach a ceiling or walls above stairweils; but now a solution is offered with a lightweight one-piece scaffold-ing unit which comes in one piece, folded flat for easy carry-ing, whose legs can be adjusted to enable easy access to difficult

Called the Readyscaf Stair deck, it gives height adjustment up to 14 feet, has an adjustable high platform section (either 4 ft x 12 in or 4 ft by 27 in) and is made from lightweight aluminium tube.

It opens up like a deck chair with a locking bar placed into anchor bar fittings and its 1 in ply board placed into position ready for operator action.

IN BRIEF

fitting out of part of an office block in Hammersmith, West London, for Citibank Trust. The fim job is to fit out levels four to seven of St. Martins House (owned by Citibank Trust)— remaining floors are being leased to other companies.

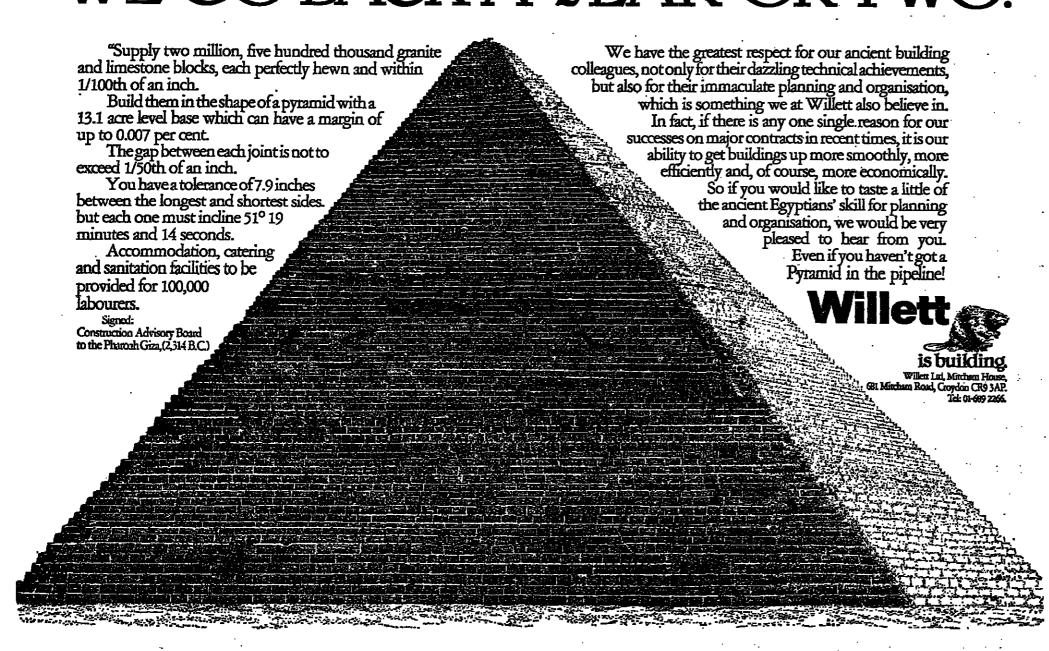
Contractors has • Mears received three short-term contracts: £298,000 is from Middle Commissioners Chatteris, Cambs., for the construction of four bridges; British Airports Authority, Gatwick, has awarded £120,000 worth of work for the breaking up and reconstruction of aircraft pavements, and a 6-bedroom extension to the Rivercroft Hotel at East Looe, Cornwall is to be carried out for £93,000.

 Advance workshop units at Sunderland and Jarrow for English Industrial Estates Corporation, are to be constructed by Mowlem under contracts worth £400,000.

• Trafalgar House Developments has opened an office at Ashley House, West George Street, Glasgow. Projects under way in Scotland are worth over £121m, says the Group.

We did it for Haringey Let's do it for you! London Borough of Haringey redevelopment project incorporating Woo!worth, Sainsbury's, Co-op Regional Offices : Altron Cheshare, 061-928 2641 Isle of Wight, Shanklin. (098 385) 2830 Sheffield, Wickersley (070 984) 7191

WE GO BACK A YEAR OR TWO



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The National Construction Division of the WOOD HALL Building Group

1) ROLLING MILLS

12in x 30in x 35in wide x 400 hp Four High Reversing Mill.

5in x 12in x 10in wide variable speed Four High Mill.

3.5in x 8in x 9in wide variable speed Four High Mill.

10in x 16in wide fixed speed Two High Mill.

10in x 12in wide fixed speed Two High Mill.

6in x 6in x 20in wide Four High Mill.

2) CUT/LENGTH LINE 1.500 mm x 3 mm x 15 ton coil.
3) CUT/LENGTH LINE 1.000 mm x 2 mm.
4) CUT/LENGTH LINE 750 mm x 2 mm.

5) CUT/LENGTH LINE 400 mm x 3 mm.
6) WIRE FLATTENING AND NARROW STRIP ROLLING MILL two stand by R.W.F. 10in x 8in rolls.

7) SLITTING LINE 920 mm x 10 ton coil by Cam.

8) SLITTING LINE 300 mm x I ton coil by Cam.

9) SLITTING MACHINES 36in and 48in by Weybridge.

10) PLATE SHEAR 4ft x lin Cincinnati.

11) GUILLOTINE 8ft x 0.125in Pearson.
12) No. I FICEP SCRAP SHEAR, 75 x 35 mm Bar.

13) SHEET LEVELLING ROLLS, 920, 1,150 and 1,850 mm wide.

14) HYDRAULIC SCRAP BALING PRESS, Fielding & Platt.

15) FORGING HAMMER 3 CWL slide type, Massey.

16) VERTICAL WIRE DRAWING BLOCKS 2in dis. x 25 hp. Farmer Norton.

17) AUTOMATED COLD SAW, non-ferrous. Noble & Lund.
 18) WIRE DRAWING MACHINE, MARSHALL RICHARDS VARIABLE SPEED 6 BLOCK PACEMAKER (25 hp x 22in. in_line, non-slip Drawblocks).

19) TWO HORIZONTAL DRAW BLOCKS 36in and 2in. Farmer

20) WIRE DRAWING MACHINE 9 DIE cone type. Unity.

21) WIRE DRAWING MACHINE 15 DIE cone type.

22) NINE BLOCK WIRE DRAWING MACHINE AND SPOOLER

by Barcro (24in x 25 hp drawblocks). 23) TWO TAPE ROLLING MILLS by Deco (150 x 100 mm x 15 hp rolls and 110 x 100 mm x 10 hp rolls).

24) HIGH SPEED AUTOMATIC CENTRELESS BAR TURNING

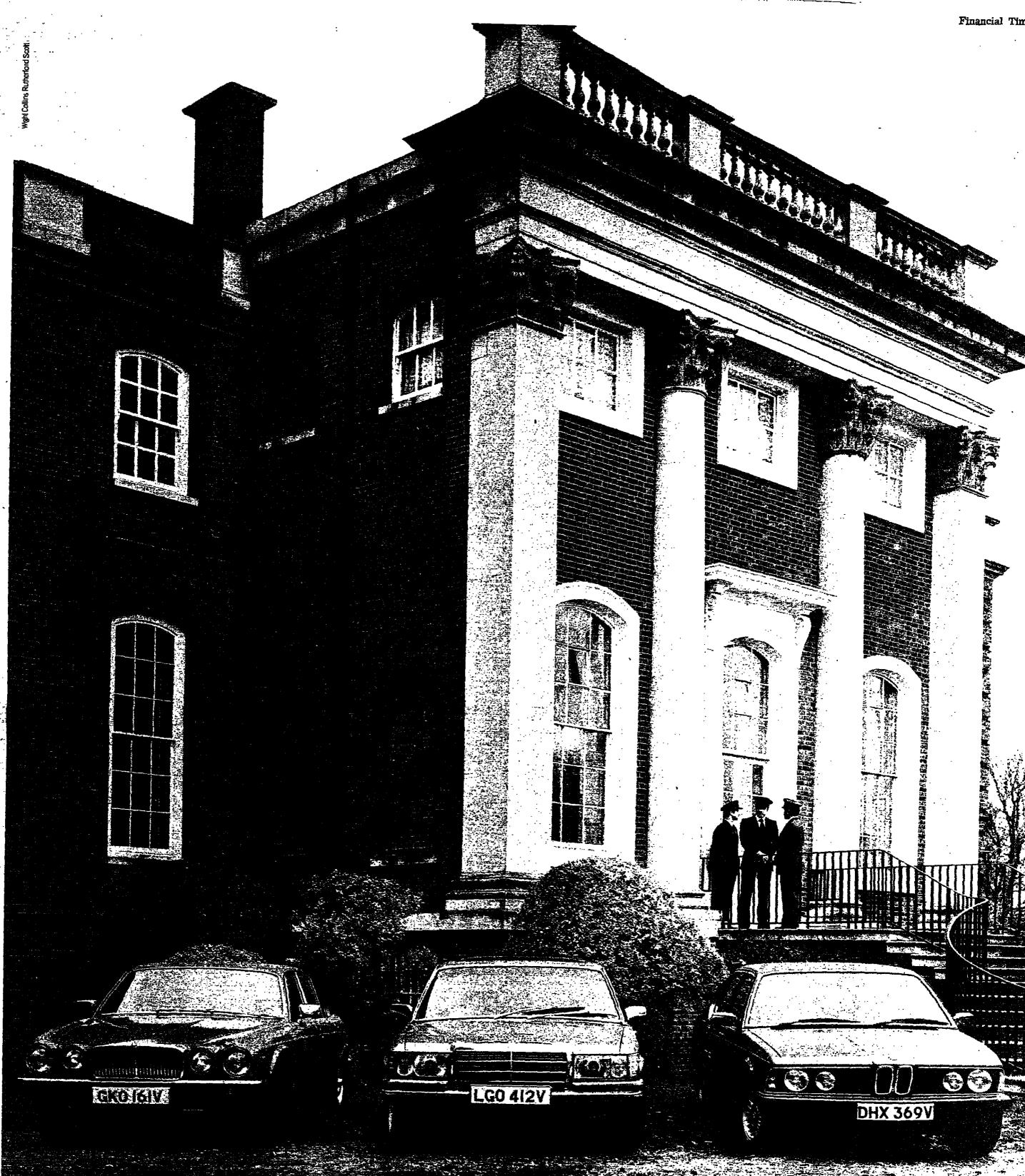
MACHINE (1977) max. capacity 38 mm bar. Wednesbury Machine Co. Ltd. Oxford Street, Bolston.

Tel: 0902 42541/2/3. Telex: 336414. WICKMAN 6 SP AUTOMATIC 12", rebuilt to maker's limits.

WICKMAN 6 SP AUTOMATIC 13", rebuilt to maker's limits. WICKMAN 6 SP AUTOMATIC 21", reconditioned to maker's limits. 200 TON HYDRAULIC PRESSES. Excellent. LARGE INTERNAL GRINDER, swing 5ft. excellent.

200 TON CLEARING PRESS, 8 inch stroke. Rolls Tools Ltd. 154/6 Blackfriars Road, London SEI SEN Tel: 01-928 3131, Telex: 261771.





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He's tired of taking a back seat while his boss has all the fun of driving the new

BMW 732i. So he's found a job driving a Jaguar where he doesn't expect the same problem to arise.

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It's a joy to drive fast and know your mother-in-law won't even notice.

And it's very reassuring to know that your children asleep in the back are particularly safe.

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missing the plane.
It's also nice to know that even while you're sitting in that traffic jam the ignition is being 'tuned' fifteen times every second.
The BMW 732i is the only car in the world with the motronics system — a micro-chip computer which constantly keeps the car upping at its boot. keeps the car running at its best.

So you don't use a drop more petrol than you need.

All the new BMW 7's now have fuel

injection, too, and overall use 7% less petrol

than the original BMW 7 Series.
So you can look forward to even the longest journey with satisfaction.
This is a car for people

who like to be in the driving

Even when they're not in the car.



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THE BMW 732 COSTS £13,643.00. PRICE INCLUDES: CAR TAX, VAT AND FRONT AND REAR SEAT BELTS. NUMBER PLATES, ROAD FUND LICENCE AND DELIVERY CHARGES EXTRA. PRICE CORRECT AT TIME OF GOING TO PRESS, FOR FULL DETAILS WRITE TO: BMW (GB) LTD. MARKETING DEPT. ELLESFIELD AVENUE, BRACKNELL, BERKS. DEPT. OF ENERGY MPG FIGURES. BMW 7321 (M) MPG (L/100 KM) URBAN 15.1 (18.7), 56 MPH 31.7 (8.9) 75 MPH 24.5 MPG (11.5), PERFORMANCE FIGURES FROM BMW. TAX FREE TOURIST, DIPLOMATIC AND NATO SALES, 56 PARK LANE, LONDON W1 TELEPHONE 01-629 9277. TELEX 261360.

The 55-year old steel worker

BY SAMUEL BRITTAN

TO THE EXTENT that I lie which observes: "Many of these economic matters at all, what I with the likely pay from jobs think about are the trends shown in the Department of the extra amount was inade-Employment Gazette rather quate compensation for the than in the Euromarkets or rigours of a job and the exdomestic banking. For unless penses incurred." we can restore a functioning labour market, there will markets, except clandestine ones on the pavements by the side of the barbed wire erected by the commissars or colonels.

Unskilled

a fascinating article on the longis much better on figures and detail than on analysis. Registered long-term unem-October the numbers out of quarter of the adult unemaged 55 or over; three-quarters had previously been unskilled or semi-skilled manual workers. Even among the younger ones, over 73 per cent had no qualifi-cation whatever (according to the reported sample study). More than a third reported that they had some handicap or which affected their activities; 13 per cent were in scope. actually registered as disabled.

At this stage the argument generally degenerates into an impasse. One side says that such people are unemployable or do not want to work. The other side maintains that the weakest groups of workers are simply the victims of a low general boost from the Chancellor.

inflation rather than more jobs. they claim to be market econoemployable without reference would be worthwhile to employ

The clue is provided quite monopoly is the unwittingly by the D.E. study.

about people compared their benefits which are available and felt that

What then does one do with an unemployed steel worker ultimately be no financial over 55, who is capable of earning say £50 or £60 a week? To deprive him of the dole to force him into work would be inhuman. But for him to remain out of work is wasteful, and expensive to the taxpayer, as well as personally demoralising.

Yet there is a further possi-The January 1980 Department bility. Our hypothetical ex-steel of Employment Gazette contains worker has some earning power -although not enough to mainterm unemployed. As usual it tain himself and family-or at least not enough to make it worth his while to sacrifice the dole. Why not then let him ployed were mostly men. Last work for what he can and have some state benefit on top of it? work for a year or more stood. In other words, instead of cutat 337,000. This was just over ting off all his unemployment pay or supplementary benefit when he takes a job let him lose ployment total and the highest when he takes a job let him lose since the war. At least half were only part of his benefit for every pound he earns at work.

Of course there are complexitime as we can afford a general negative income tax or "tax everyone a minimum income, any scheme for the partial payhave to be carefully restricted

True enemy

All these problems are soiuble, and a modest start would be better than nothing. The real difficulty is the political one that benefit-supported low level of employment—and call paid workers would compete at for some favourite nostrum to the margin with the lowest-"create more employment," category of workers on union whether work-sharing, import rates and force the latter down. controls, or a domestic demand. This is just another example of the way in which coercive trade Both schools are wrong. The unions—like all monopolies stimulators are wrong, because obtain higher remuneration for their measures will lead to more their members at the expense of lower output and less jobs. But it is equally wrong for The D.E. writer refers to antheir opponents, especially if other aspect of this when he speaks of reluctance even mists, to dismiss anyone as un- among younger people to train because of anxiety about the the wage at which it acceptability of Government training courses to unions and Labour market employers. monopoly is the true enemy of

Calls for review of third party rights

repertoire of the sound of intended, nor A, who conforensic music made by the law Lords. In Woodar Investment Development v. Wimpey Construction UK, Lord Scarman sounded

such a call, and he asked for review "now, not 40 years on." What defect, what fault in the law provoked this strong Some outrageous outburst? bureaucratic interference with personal liberty? Some unfair discrimination against married or single women in the allocation of finance or property? Some niggardliness in an award of compensation for injuries or loss caused by a factory or road accident? Some excessive harshness in criminal sanctions accident?

No remedy

or penalties?

In fact, it was the topic of third party rights under

According to a rule of English law, if B agrees with A to pay a sum of money to C, but in breach of his contract with A, fails to pay C, C has no remedy hecause C is not a party to the contract and English law recognises no third party rights under contracts, or to use pompous Latin jargon no jus uaesitmum tertio.

Lord Scarman described this as an unjust rule, and called for review of the "crude propo-sition" that the "state of

are not part of the everyday C, for whom the benefit was thereof." tracted for it, can recover it if

> B's refusal to perform." Lord Keith of Kinkel agreed with Lord Scarman that it was desirable for the House of Lords to have the opportunity of "reviewing, in some appropriate future case, the general attitude of English law towards the topic of jus quaesitum

The case which caused these clarion calls concerned a contract for the sale of 14 acres of land known as Mizen's Nurseries Cobham, Surrey, for

the purchasers Wimpey. The contract was dated February 21,

The negotiations for the purchase were conducted on behalf of Woodar by Mr. Ronald Cornwell. Under the contract, part of the purchase price-£150,000—was to be paid upon completion to Transworld Trade, a Hong Kong company of which Mr. Cornwell was a European agent.

rescind it in certain events. One of those events was that before the date of completion "any authority having a statutory power of compulsory acquisition . . . shall have commenced the procedure required by law for the compulsory acquisition of

The contract contained a

entitling Wimpey to

CLARION calls for law reform English law is such that neither the property or any part of Appeal. The success included clusion which should only be of paying the contract price for

been given to the then owner of to Transworld. the contract is terminated by the property of a draft compulsory purchase order for 2.3 is with the House of Lords. The acres of the property. On Law Lords, by a majority of November 8, 1973, a compulsory three to two, allowed an appeal purchase order was duly made. by Wimpey. By March 1974, a slump

But in litigation the last word

The case raised what Lord had occurred in the value of Salmon regarded as a "point of

THE WEEK IN THE COURTS

BY JUSTINIAN

The vendors were Woodar, Mizen's Nurseries. On March 20 law of considerable importance of that year, Wimpey sent a in relation to the repudiation notice purporting to rescind the of contracts." contract of sale in accordance The majority of the law Lords with the relevant clause.

But as the compulsory purthe notice of rescission had no strict legal justification or basis.

Success

declaration to that effect and for damages. Woodar succeeded not only

Division, but also in the Court Repudiation is a drastic con- and that they had no intention bers?

in effect decided that, if a party to a contract rescinds a contract chase procedure had started in good faith under a clause before the date of the contract, of the contract, he is not regood faith under a clause pudiating it, even though in law he had no right to rescind under that clause.

Lord Wilberforce said that "it would be a regrettable development of the law of con-Woodar claimed that in send- tract to hold that a party who ing such a notice Wimpey bona fide relies upon an express was repudiating the contract stipulation in a contract in Woodar sued Wimpey for a order to rescind or terminate a stipulation in a contract in Lord Salmon said that another. order to rescind or terminate a Wimpey had made it crystal Do not contract should be that fact cleaning the same should be that fact cleaning the same said that another. contract should, by that fact clear by their notice and letter Woodar and Wimpey litigation alone, be treated as having re- of March 20 that they purported stress the need for simple rules. pudiated his contractual obliga- to bring their liability under in the law of contract rather before the trial judge, Mr. tions if he turns out to be the contract to an end by than for litigious excursions into Justice Fox, in the Chancery mistaken as to his rights, rescinding and discharging it juridicial temperature chan-

In 1970, notice had already cover the payment of £150,000 a refusal, in a matter going to

party, it is necessary, said Lord Wilberforce, to look at his conintention to abandon and refuse

performance of the contract? It followed in the case of tract by its notice of rescission. Woodar and Wimpey, said Lord the contract."

Different view

The issue was one of fact: citation of other decided cases on other facts was hardly necessary. A party who took action relying simply on the terms of the contract and not manifesting by his conduct an ulterior

took a different view.

an award of compensation to held to arise in clear cases of the land in question.

an in award of compensation to held to arise in clear cases of the land in question.

"If," he said "this does not

a refusal, in a matter going to the root of the contract, to per-form contractual obligations." go to the root of the contract and evince an equivocal inten-tion no longer to be bound by In considering whether there it, and therefore amounts to a has been a repudiation by a repudiation of the contract, I confess that I cannot imagine

what would." The other member of the duct as a whole. Does the con-minority, Lord Russell of Killduct as a whole indicate an owen resorted to mixed metaphor. In his opinion Wimpey wrongfully repudiated the con-

"I cannot agree that, If my Wilherforce, as a clear conclu-opinion were correct, it would sion of fact, that Wimpey be an unfortunate step in the "manifested no intention to law," he said. "If a party takes abandon, or to refuse future such a bold step he risks disperformance of or to repudiate aster. If he plunges in without ; first testing the temperature by a construction summons asking whether the rescission remedy is available to him he runs the

risk of catching a severe cold." Businessmen up and down the country in their zest to com-plete business transactions with a minimum of delay and interference will doubtless welcome the prospect of adding to their by his conduct an ulterior programmes a visit to the intention to abandon it was not Chancery Division on a conto be treated as repudiating to to be treated as repudiating it. struction summons whether for A minority of the law Lords the Fahrenheit scale of one judge or the Centigrade of

Do not the vicissitudes of the

CLASSIC, Leicoster Square: 930 8915. ROCK 'N' ROLL NIGH SCHOOL: (AA). EAT MY DUST (AA). Progs. 12.46; (see Sqs.): 2.20. 4.00. 7.20:

CURZON. Curzon Street. W1.-439-3737, LEE REMICK in THE EUROPEANS (U). Pross. 2.00 (not SurJ. 4.00, 5.20, 8.40. Must end Wednesday, March Sth.

DEON MAYBARKET (930 2738-2774), JILL CLAYBURGH IN SERTOLUCCES, LA LUNA (XL Sep. perts. Was. 1.45. 5.05, 6.10.

(in⊈

Monksfield can score hat-trick

AS ANTICIPATED, Saturday's to say the least. racing in England and Ireland shed as much light on Cheltenham prospects as the combined glut of sport during the past couple of months in Britain. We now know that barring a recurrence of a blood disorder,

> RACING BY DOMINIC WIGAN

Monksfield may well be set to join Hatton's Grace, Sir Ken and Persian War as the third hurdler to complete a hat-trick of crowns in the Champion Hurdle and that the Irish look equally set to land the Triumph Hurdle.

Scotland-11.00-11.20 am For

Schools. 12.15 pm It's a Great Life. 12.40-12.45 The Scottish News. 3.55-6.20 Reporting Scot-

land. 11.50 News and Weather for

†Northern Ireland - 3.50-3.55

pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50

News and Weather for Northern

BBC 2

10.05 It Figures.

6.40-7.55 am Open University.

10.30 The Handicapped Family.

Scotland.

Although Royal Mail ran

deplorably in Kempton's Tote Pattern Chase, Approaching ran a highly encouraging race in the same event and at Leopardstown, Irish Gold Cup prospects, Jack Of Trumps and Ballyross, were both thrashed in the Harold Clarke Leopards town Chase.

For me, the most interesting spect of the day's racing was the fact that bookmakers, having digested the results of the two Daily Express Triumph Hurdle trials, should decide to bracket Hill Of Slane and Torenaga as joint favourites for the Cheltenham race. Whereas Hill Of Slane has

been beaten three times this From an English standpoint, season, Torenaga has won on the outcome of Saturday's two each of his five appearances. major chases were encouraging and at Leopardstown beat con-

7.00 The Kenny Everett Video

Mules for Sister Sara

starring Shirley MacLaine

and Clint Eastwood.

12.35 am Close: Personal choice

with Michael Bentine.

All IBA Regions as London

1.25 pm Anglia News. 2.00 Monday Film Matines: "The Storyteller." 3.45 Food, Wine and Friends. 5.15 Univer-arty Challenge. 6.00 About Anglia. 10.30 Cross Question. 11.00 The New Avengers. 12.00 A Big Country. 12.30 am Reflection.

A.1.V.

1.20 pm ATV Newsdesk. 2.00 Rendezvous with Romance: "There On a Date" sterring June Allyson. 3.45 Food, Wins and Friends. 5.15 The Television Programme. 6.00 ATV Today. 10.30 Laft, Right and Centre. 11.00 ATV Newsdesk. 11.05 Barney Miller. 11.35 Divorce and after. 12.05 am Something Different.

BORDER

1.28 pm Border News. 2.38 Monday Matines: "Cry of the Wild." 5.15 University Challenge. 6.00 Lookaround Monday, 6.15 Collecting with Curtis. 10.30 Monday Movietime: "If He Hollers, Let Him Go." 12.20 am Border News Summary.

CHANNEL

GRAMPIAN

GRANADA

1.20 pm Granada Reports. 12.00 Monday Matines: "The Dammed Don't Cry." 3.45 Food. Wine and Friends, 6.15 Crossroads. 6.00 Granada Reports.

10.30 Reports Politics.

except at the following times:

8.00 Rushton's Iliustrated.

5.45 News.

6.00 Thames News.

7.30 Coronation Street

8.30 World in Action.

9.00 The Sandbaggers.

10.30 Monday Film:

6.35 Crossroads.

siderably stiffer opposition than that which Hill Of Slane beat in England a quarter-of-an hour earlier.

In addition, it is worth remembering that Hill Of Slane has twice lost to Gleason on level terms and failed by six lengths to give Batchacre Hall 3 lbs at Cheltenham.

Batchacre Hall had previously been beaten by Torenaga in

> **FONTWELL** 1.45-Eaton Boy** 2.45-Snewtown Boy 3.15—Selway

4.15-Royal Admiral*** DONCASTER 2.00—Rorqu<u>al</u>*

2.30-Spartan Spirit 3.30—Hayride

4.30-Little Bay

11.00 Mystery and Imagination: "The October Men,"

HTV 1.20 pm Report West Hoadlines.
2.00 Here Today.
42.30 The Monday
Matines: "Seven Days To Noon."
5.15 Dick Yracy.
6.00 Report West.
10.35 Food, Wine
and Friends. 11.05 SOAP. 11.35 The
McKenzie Affair.

HTV General Service except: 10.05-10.20 am About Weles. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. A 45 55-SER. 6.00 Y Dwdd

8.30-9.00 Yr Wythnos. **SCOTTISH** 1.20 pm News & Road & Weather, 12.00 Monday Matinee: "And Then There Were None," Starring Barry fitzgerald 3.45 Food, Wine & Friends, 5.15 Teles of Crims. 5.20 Crossroads, 6.00 Scotland Today. 6.40 Crimedesk. 10,30 Money Wise. 11.00 Mauda, 11.30 Late Cell. 11.35 Have Girls Will Travel.

SOUTHERN

1.20 pm Southern News. 2.30
"Woman of the Year "starring Joe
Bologna. 5.15 Dick Tracy Cartoon.
5.20 Crossroads. 6.00 Day By Day.
10.30 Southern News Extra. 10.35 Open
Dors. 11.05 Kaz. 12.00 Inside Business.

Dors. 11.05 Kaz. 12.00 Inside Business.

TYNE TEES

9.20 am The Good Word followed by.
North East News Headlines. 1.20 pm
North East News and Looksround. 2.30
Monday Matnes: "A French Mistress,"
starring Cecil Parker. 5.15 Mork and
Mindy. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern
Life. 10.30 Northern Report. 11.00
North East News Headlines. 11.05
Monday Movie: "Destiny of R Spy."
12.30 am Epilogue.

ULSTER

1.20 pm Lunchume. 2.00 Monday
Matines: Geordie, starring Alastair
Sim. 3.45 Food. Wine and Friends.
4.13 Ulster News Headlines. 5.16
Cartoon Time. 5.20 Clossroads. 6.00
Good Evening Ulster. 10.29 Ulster
Weather. 10.30 The Irish Factor. 11.00
The Odd Couple. 11.30 Gardening
Today. 11.56 Bedtime.

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbis Vincent Telephone Programms. 1.03 pm London Live. 3.03 John Toogood's Showcase, 4.30 Londa News Desk. 5.35 Look, Stop, Listen 7.03 Black Londoners. 8.00 Question

London Broadcasting 8.00 am AM with Bob Holness and Douglas Cemeron. 10.00 The Brien Hayes Show. 12.00 LBC Reports. 8.00

Capital Radio RADIO 3

†6.55 am Weather, 7.00 News, 7.05

Overture St. 2.00 News, 2.00 News

ENTERTAINMENT GUIDE

COLISEUM, Credit cards 240 5258.
Reservations 836 3151 Ergs. 7.30. Mat.
Sats. 2.30. LONDON FESTIVEM, 8ALLES,
Mar. 4. 5. 6. 6. Ovorak Variations.
Sphitzx, Petruschka. Mar. 7 to 12: La
Sylphide. Mar. 13. 14: Rosalinda. TOAM ON GRY OF PETT.

COVENT GRADEN. CC. S. 240 1066.

(Gardencharge credit cards 836 5903).

THE ROYAL BALLET. Ton't & Fri. 7.30:

La Fin du jouri Voluntariesi. Mam zelle
Angot. Tue. 6. Thu. 7.30: The Steeping
Beauty. THE ROYAL OPERA. Wed. 6
Sat. 7.30: Eugene Canegia, 65 Amphi,
seats avail, for all perfs. from 103m on
day of perf. day of perf.

SADLER'S WELLS THEATRE. 837 3856.
Instantcharge (credit cards) 837 1572.
SADLER'S WELLS ROYAL BALLET.
Ton't & Tomor. 7.30: Concertoffavorround;
The Grand Tour. Szr. 2.30 & 7.30;
Danies concertantex/Papillon. (Scats only evait. FOT 188. 7.50).
SADLERS WELLS THEATRE, RO.
Ave. EC1. 837 1672. CC. 837
Eves. 7.30. Met. Set. 2.30. Mar. 4
CHIEFTAINS Playboy of the We.
World.

THEATRES ADELPHI. CC. S. 01-856 7611
EVES at 7.30. Set. 4.03 and 7.45. Mats.
Thursday at 3.00. L.Z. ROBERTSON.
PETER BAYLISS and ANNA NEAGLE in
THE WORLD'S GREATET MUSICAL MY
FAIR LADY. Good sests, available for
most perf. Now boolong to October 1980.
Credit Card Mothine 01-835 7355. Tony
Britzon returns from Holiday on Toesday.
March 40b.

ULSTER STUDENTS OF THE TREE CC. 930 2578.
Mon. Sat. Mats. Fri. & Sat. 5.30.
THE ROCKY HORROR SHOW. Group
sales Box Office 01-379 6061. CRITERION. 930 3215. CC. Bookings 379 6365. Group bios. 836 3962. 895. 806. Sat. 6.30 and 8.30. Thurs. part 3.00. Sat. 6.30 and 8.30. Thurs. part 3.00. Mat. Nell CE PRFS. Mon. Evst. Thur. Mat. Nell CE MON'S LAST OF THE RED HOT LOVERS.

WESTWARD 1.20 pm Westwerd News Headlines.
12.00 The Monday Metines: "Knock On Any Door." starning Humphrey Bogart. 3.42 Gus Honeybun's Birthdays. 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 The Perdoe Programme. 11.05 BJ And The Beer. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast. 9.25 am First Thing. 1.20 pm North News Headlines. 2.30 Monday Matines: "The Purple Plain," starting Gregory Peck. 5.15 Wild, Wild World of Ani-mals. 6.00 North Tonight and Area Weather Forecast. 10.30 Reflections. 10.35 The Monday Movie: "The Hustler," starting Paul Newmen, 12.20 am North Late Night Headlines,

· YORKSHIRE 1.20 pm Calendar News. 2.00 Monday Matines: "Geordie." 3.45 Food. Wine and Friends. 5.15 University Challenge. 6.00 Celendar (Emisy Moor and Belmont editions). 10.30 Country Calendar. 11.00 Police Story.

NOT LOVERS.

DUKE OF YORK'S. 836 S122, GLENDA
JACKSON ROSE. A new play by Andrew
Davies Red. price previews tonight.
tomor. & Wed. Opens Thurs. at 7.0.
Subs Evgs. Mon. Sat. 8.0. Mals. Wed.
3.00. Sat. 5.00.

GARRICK. CC. 01-836 4801. Evgs. 8.00.
(sharp). Frl. and Sat. 5.30 and 8.30.
Gareth Hunt in DEATHTRAP. GLOSE THEATRE. S. CC. 01-437 1592.
Group saics 379 6051. Evgs. 8.00. Mats.
Wed. 3,0. Sat. 5.0 and 8.15. Berry Red.
Barry Foster. Peter Bowles. Jan Waters
in a new play by Peter Nichols Born
IN THE GARDENS. Directed by Clifford
Williams. GREENWICH THEATRE S. CC. 858 7755. EVIL 8.00. MEATS ST. 2.30 LIBERTY HALL A new play by Michael Frayn. From March 5 PRIVATE LIVES by Noel Coverd. Coverd.

HAYMARKET. CC. 01-930 9832. Evenings
5.00. Wed. 2.30. Sats. 4.30 and 5.00.
Gerald Harper. Kate O'Mara in the
Sheriock Holmes Mystery The CRUCKER
OF BLOOD by Poul Glovanni. LAST
WEEK. EMDS SATURDAY. WEEK, ENDS SATURDAY,

HAYMARKET THEATRE, CC. 01-930
9832. Evgs. 8.00. Mal. Wed. 2.30.
Sat. 4.30 and 8.00. DOROTHY TUTIN,
DONALD PLEASENCE REFLECTIONS
A new play by John Peacock. Red, price
prevs. Mar. 11. and 12 8 pm. Opens
March 13. 7.00.

HER MAJESTY'S THEATRE. 930 6605.
Osening March 19. The award winning
Broadway Musical On the Twentierh
CENTURY, Reduced price previews from
March 10. Parker.

LYRIC HAMMERSMITH. 01-741 2311.

Eygs. 7-30. Thu. Mat. 2:30. Sat. 4:30 &
8:15. COUNTRY LIFE First London
showing of Goldon's delightful comedy.

Directed by Darld Giles.

LYRIC STUDIO: Opens Tou'l. 7. Subs.

Eyes B. Sat. 8:30. Mats. Wed. 4 Sat.

24 Sat. 250. Mats. Wed. 4 Sat.

Authory 4 Fractive Cars includes James

Gffice 8:36 4:207.

UNIC 836 4207.
LYRIC THEATRE, CC. 01-437 1685. Gen.
Sales 379 8061. Evgs. B.DO. Wed. J.DO.
Sal. 3.00 and 8.00. RICHARD BRIERS.
PAUL EDDINGTON IN MIDDLE AGED
SPREAD COMEDY OF THE YEAR.
WEST END THEATRE AWARDS. MAY FAIR. S. CC. 01-629 3036 Mon-Thir 8.50, Fri. Sat. 6.80, 8.45, SUSANNAH YORK, DANEL MASSEY, DONALD PICKERING, FRANCES WHITE IN APPEARANCES by Simon Benmussa after Henry James. PALACE CC. 01-437 6834. Mon.-Thurs a 00. Fri.. Sat 6-00 and 8-40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew 4.loyd-Webbrr. Group sales 01-379 6061. U1-379 6061.

PALLADIUM. CC. Q1-437 7373. YUL
BRYNNER in RODGERS 5 HAMMERSTEIN'S THE KING AND 1, also starring YIRGINIA MCKENNA. HOTLINE
1-1.17 2055. Evenings 7.30. Mais. Wed.
for Sat. 2.45. Some good seats evallable
for Wednesday mars.

ROYAL COURT THEATRE UPSTAIRS 01-730 2554. Evs. 7.30: World Premiers THE KEY TAG by Michael McGrath.

ST. MARTIN'S Credit Cards 836-1443, Evs. 8.00. Toes. 2.65. Sats. 3.00 and 8.60. AGATHA CHRISTIE'S THE MOUSETRAP, WORLD'S LONGEST-EVER RUN. 26th YEAR.

PHILLIPS. JUNE WHITFIELD. SYLVIA SYMS and ANDREW SACKS. NOT NOW DARLING. Mon-Thur. 8.00. Fri. and Sat. 5.45 and 8.45. Reduced price mats. on Friday. Group bookings 01-437 3856.

on Friday, Group brokings 01-437 3855.

SNAFTESBURY THEATRE CC. 5. 01-836
6596. Mon.-Fri. Evps. 8.0. Weds. 3.00.
Sat. 5.30 and 8.30. CAROL CHANNING
HELLO DOLLY! Also starring EDDIE
BRACKEN. Muss close Saturday.

STRAND. 01-836 2560. Evenings 8.08.
Mats. Thurs. 3.00. Sat. 5.30 and 8.30.
LONGEST RUNNING COMEDY IN THE
WORLD NO SEX PLASS—WERE
BRITISH. Directed by Allan Davis Credit
Cards 01-836 4143. Group Sales 80x
Office 01-379 5061.

TALK OF THE TOWN. 91-734 5051.
AIR CONDITIONING. CREDIT CARDS.
LONDON'S GREATEST NIGHT OUT.
From 8.00 Dining and Datcing. 9.30
SUPER REVUE "BUBBLY." At 11.00
America's dynamic singing star
CASHEARS. Dancing intil 1.0 am.
VAUDEVILLE S. CC. 01-836 9988. Gra

VAUDEVILLE S. CC. 01-836 9988. Gra. sales 379 6061. Evgs. 8.00. Sat. 5.30 and 8.30. Wed. Mat. 2.45. ALAN BATE in STAGE STRUCK. A new thriller by Simon Gray.

Simon Gray.

VICTORIA PALACE, CC. 01-828 4735-8.

01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45 ANNIE. Group Sales Box. Office 01-379 8061.

WAREHOUSE. Donmar Theatre. Covent Garden Box Office 336 6808. S. Royal Shakesbeare Company. No perf. royal Tomor. 7-30. Wed. 7-00 premiere Howard Barker's TME LOUD BOY'S LIFE. All seats \$2,10. Students £1.10. Adv. begs. Aldwych.

begs. Aldwych.
VESTMINSTER. CC. S. C1-834 0283.
RAGMAN. A NEW MUSICAL
MAINEES ONLY UNTIL MARCH 22.
MONDAY-FRIDAY. 2.0 pm. SAT. 3.0

MYNDMAM'S IS 836 3D28 CC bless 379 8565, Tex only £1.80, £3.24. 6.10 pm highly Richmond ringe in the PRIMARY RECURS CLASS ACCIDENTAL BACCIDENT CLASS ACCIDENTAL BACCIDENT AN OFFICE AN

YOUNG VIC. 01-928 6363. Opens Mon Evgs. 7.30. Mats. 2.00. World Premier of TRIAL RUN by Nigel Williams autho of Class Enemy. 2 wks. only):

CINEMAS SC 1 & 2 SHAFTESBURY AVE. 836 1861, Sep. Peris. ALL. SEATS BKBLE. 1. APOCALYPSE NOW X.Y. WK. & SUN.: 15. 4.30, 7.55 11 THE SEDUCTION OF JOE TYNAN AAJ, WK & SUN. 2.00, 5.00, 8.00, (Last 1 Hour!

days). Incus tabe). 01-839 1827. ASSIC 1-2, 3-Haymarket (Piccadilly: - APOCALYPSE NOW NO. A 70 mm Joby Stereo presentation. Progs. 1,30.

Doby Stereo presentation. Progs. 1.30. 4.30, 7.40. 22. RISING DAMP (A). Progs. 1.05 (not 5un.). 2.45, 5.25, 8.00. 31 Dudley Moore 10. (Xr. Progs. 1.00 (not 5un.). 3.05, 5.40, 8.15.

PRINCE OF WALES THEATRE 930 8887. Credit. Card Booking 930 0846. An Evening with TOMMY STFELE and his Company. Eyes. Moo.-Th.rs. 8.30. Fri. and Sat. 6.00 and 8.30. Book new. RAYMOND REVUE BAR. CC 01-738 1593
Ay 7.00, 9:08, 11.00 pm, Opens Suns.
PAUI. RAYMOND presents THE
FESTIVAL OF EROTICA. New Acts
New Girts. New Farills. 23rd semantional
year. Fully. air-conditioned.

AWBASSADORS. CC. 01-835 1171.
EVGS. 8.00. Fri. and Sat. 5.30 and 8.30.
DINSDALE LANDEN. GWEN WATFORD.
SAVOY THEATRE. 01-836 3888. CC.
836 8118. (Mon. Fri. 10.6) (FEL.)E DINSDALE LANDEN. GWEN WATFORD, DAVID BURKE, ANGELA DOWN IN BODIES by James Saunders. FINAL WEEK—ENDS MARCH 1st.

APOLLO THEATRE CC. S. 01-437 2563. Group sales 379 5051. Evs. 8. Mat Thur. 3. Sat. 5.30 & 8.30 TIMOTHY WEST as BEECHAM by Caryle Brohams and Ned Sherin. Directed by Patrick Garland. ARTS THEATRE 01-835 2132. TOM STOPPARD'S DIRTY LINEN. Monday to Thursdays 8.30. Fri. and Saturday 7.00 and 915. NOW IN 1TS FOURTH YEAR. Lowest-priced best seats in London, E4.00. 53.35. £1.55. plus 15p temp. members. Sal. \$4.85. \$3.85. \$1.85.

members. Sal. 54.85, £3.85, £1.85.

ASTORIA. Cc. S. 01-734 4291. 07-439

8031. 01-734 4369. Mon. to Thurs.
8.00. Fri. & Sat. 6.10 & 8.50. IPI

TOMBEI. STH GREAT YEAR. Lowest
Priced Musical in the West End. Scats:
£2. £1. £4. £5. Reduced Rate Group

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BOULEVARD TH. at the Raymond Revuebar. Wafkers Court. Brower Street Cc.
Tel. 01-437 2651. PAUL RAYMOND

PRESENTS Ancerica's Sex Queen Live on
Stage. MARILYN CHAMBERS. Must
end April 5 prior to American Tour.
Twice Nightly Mon.-Sat. 8.00 and 10.00

pm.

1.20 pm Channel Lunchtime News. What's On Where and Weather. 12.00 The Mondey Matines: "Knock On Any Door." 3.45 Food, Wine and Friends. 5.15 University Challenge. 8.00 Channel News. 6.10 The Lone Ranger, 10.28 Channel Late News. 10.36 The Pardos Programme. 11.05 B.J. and the Bear. 12.00 News and Weather in French.

Time from the House of Commons. 9.00-5.00 am Join Radio 2.

IONAL THEATRE. 'S' CC 928 2252. WIER (open stage): Ton't & Tomore O THE WILD OUCK by Henrik Desc Is. by Christopher Hampton. (Richard

PHOENIX THEATRE CC 01-836 2294.
Evgs. 8.00. Wed. 1.00. Set. 5.00 & 8.30.
SUSAN HAMPSHIRE, PATRICK MOWER
SECOND YEAR OF TOM STOPPARD'S
NIGHT AND DAY Directed by Peter
Wood. BEST PLAY OF THE YEAR.
Evening Standard Drama Award. LAST
WEEKS. MUST END MARCH 15. PICCADILLY. From 9.30 am. 437 4506.
CC. bkgs. 379 5565. Eves. B. Mats.
Thurs. & Sat. 4. Royal Shakesperic Company in Hart and Kaufman smash kir comedy ONCE IN A LIFETIME. Winner of 5 awards with from 14 March Jane Lapotolre witner of 3 awards as Plat in Pam Gem's PIAF. Pam Gem's PIAF.

PRINCE EDWARD, CC. 01-437 5877.

Eves. 6.00. Mars. Thur, and Sat. at 3.00.

EVITA by Tim Rice and Andrew LloydWebber. Directed by Harold Prince.

Group sales Box Office 379 5061.

11.15. Seats, bolsto, Lick Dat.
STUDIO 2, 3 & 4, Oxford Crows, 437
3390. Licenses, 8ar.
2: 10". (X). Props. 12.30. 2/45, 8.25.
8.05. Lair Show Sat. 11.00.
3: The DEER HINGTON (X). 12.43; 4/25,
7.53: Last Shoth Sat. 18.00.
4: APOCAL PRE NOW (X). Sen Perts.
Diy. 1.45. 4.30, 8.00. Late Show Sat.
11.10. Seats Bolstone.

ART GALLERIES

MALL GALLERIES, The Mall, SW1, SALZ-

CLUBS

ARGOYLE, 59 Dean Street, London, Wi-NEW STRIPTEASE FLOORSHOW CLOSE ENCOUNTERS "11-2-30 am., Shows at Midnight and 7 am., Mon-Fri. Closed Strudays, 07-437 5455."

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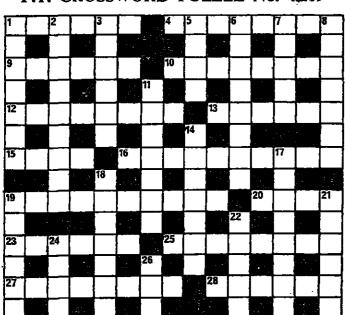


BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges, 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.01 For Schools, Colleges. 3.15 Songs of Praise from Wrexham, Clwyd. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Heyry, It's the King. 5.00 John Craven's Newsround. 5.05 Blue

† Indicates programme in black and white battle amongst · Republicans.

10.55 Film 80.



ACROSS I Collect gun with her (6)

army (8)

roasting (4)

19 Ship's officer, sailors and

silver (4) 23 Joint left in spice (6) 25 Draughtsman producing symbol with animal around

a revised cut rota (8)

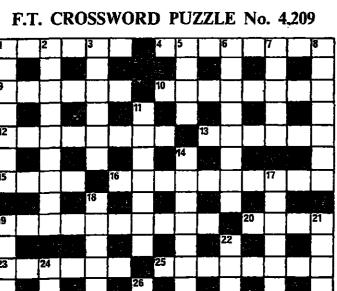
28 Prohibit a North African fruit (6)

tion (3-2)

9.00 News.
9.25 The Monday Film: "The Ireland.

11.27 Education Matters. 11.50 Weather/Regional News.

Wales—1.45-2.00 pm Pili Pala. 2.18-2.38 For Schools. 4.40-5.05 Isla and the Farm on the Hill.



4 Cared about favourite being

12 Whip guide-leader in fun. it should be illuminating

13 Size of book having eight leaves to the sheet (6) 15 Jug animal before starting 11 Vegetarian food producing 16 Dries food in chimney (5-5) 14 Pan for game slaughtered

20 Animal showing way to 18 Seat from which member is

27 One who puts into operation

11.25 News Headlines. All Regions as BBC1 except as

Peter. 5.35 The Perishers. 5.40 News.

reprimanded (8)
9 Repair a place much frequented (6) 10 My trail I confused in the

29 Left role during act (8) 30 Come to rest on a bench 26 He must accept work in con-The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

1 Soldier followed by airmen Check men in at will (9) 3 Unrefined soil found on top of Yorkshire (6)

6 Member of royalty incor-

5 Greedy notice about six (4)

unusually lean tum (7) in burrow (7) servant (9) to control meeting (8)

21 Fish to catch on end of line? Rubbish! (7) 22 I'm rising with anger but

5.55 Nationwide (London and News and Weather for Wales. South East only). 6.20 Nationwide. 6.45 Olympic Grandstand. 8.10 Panorama from New Hampsbire: report on Carter-Kennedy and the

Spiral Staircase " starring Jacqueline Bisset and Christopher Plummer.

5.55 Wales Today, 6.20 Tom and Jerry. 6.30-6.45 Heddiw. 11.50

on iron animal (7)

porated in crowd . . . (8) . . and ber head-dress in Godetia racemes (5) 8 Subject to prohibition and cut off where ships are careened (3-1)

friend in a motherly way 17 A race to finish worker and 19 Top class performer in "Mud" could be hot stuff

> it could be an illusion (6) 24 The French ram for allevia-

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

11.00 Play School.
2.15 pm Let's Go.
2.30 Roads to Conflict.
3.00 That's the Way the Money 3.30 Delia Smith's Cookery 4.00 Modern Language Teaching.
4.50 Open University.
5.40 Charlie Brown.
6.05 James Burke's Connec-

> 6.55 Training Dogs the Woodhouse Way. 7.20 Mid-Evening News including sub-titles. 7.30 Rock Goes to College. 8.10 An Evening with Anthony

tions.

Newley. 9.00 Yes Minister. 9.30 Horizon. 10.20 Russian - Language and People. 10.45 Newsnight.

11.30 Arena: Artist John Hoyland. 12.05 am Closedown, reading. LONDON 9.30 am Schools Programmes. 12.00 We'll Tell You a Story. 12.10 pm Rainbow, 12.30 Numbers at Work. 1,00 News, plus FT Index. 1.20 Thames News, 1.30 About Britain. 2.00 Food, Wine

and Friends. 2.30 Monday Matinee: "Squeeze a Flower." 4.15 Clapperboard. 4.45 Jukes of Piccadilly. 5.15 Money-go-Round. 6.30 Selwyn.

RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee
Travis. 9.00 Simon Bates. 11.31 Paul
Burnett. 2.00 pm Peter Powell. 4.31
Kid Janson. 7.00 Stayin Alive. 8.00
Mike Read. 9.50 Newsbeat. 10.00
John Peel (S), 12.00-5.00 am As
Radio 2. RADIO 2
5.00 am News Summary, 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought and 9.03 Fevourite Five Singles. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners Walk. 5.20 Much Mere Music (S). 6.03 John Duan (S). 8.02 The Oragnist Entertains (S). 8.30 Folk 80 (S). 5.02 Humphrey Lyttelton with the Bast of Jazz on records (S), 9.55 Sports Desk. 10.02 The Monday 9.55 Sports Desk. 10.02 The Monday Movre Quiz. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.2-5.00 am You

And The Night And The Music (S),

(S) Stereophonic broadcast

1.00 pm News. 1.05 BBC Lunchtime Concert 15). 2.00 Matinee Musicate (5). 3.00 Music For Organ (\$). 3.35 New Records (\$). 4.55 News. 5.00 Musinly For Pleasure (\$). (‡ and mono only from 6.20). 7.00 Paul Tortelier plays Bach (\$). 7.30 Mahler: Symphany No. 2 (\$). 9.00 The Man in the Middle: Hermann Ellts. 9.46 Two English Piano Quintets by Bridge, Josepha (\$). 10.50 Percy Grainger on record (1925). 11.25 Jazz in Britain (\$). 11.55-12.00 News. VHF only— 6.00-7.00 am and 6.20-7.00 pm Open University. 1.00 pm News. 1.05 BBC Lunchtime

RADIO 4 RADIO 4
6.00 am Nawa Briefing. 6.10 Farming Week. 6.25 Shipping torscast. 6.30 Today, including 8.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 Naws headlines, 7.45 Thought for the Day. 8.35 The Week On 4. 8.45 Jahn Ebdon with the BBC Sound Archives. 9.00 News. 9.05 Start The Week With Richard Baker. 10.00 News. 10.05 Money Box. 10.30 Daily Service. 10.45 Four Frightened People. 17.00 News. 11.05 Offshore Britons. 11.50 Poetry Pleasel 12.00 News. 12.02 pm You And Yours. 12.27 Brein Ol Britain 1980 (S). 12.55 Weather; programms news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast.

Muir Goes Into . . University (S), 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.00 Three Women Gardeners. 9.30 Kaleidoscopa. 9.55 Weather. 10.00 The World Tonight. 10.30 The Naws Quiz (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. BBC Radio London

pm After Eight Special—Alghanisten
The European Response. 9.00 Jenn;
Lacey—Nightline. 12.00 LBC Reports
Midnight. 1.00 am Tara Jeffenes—Nigh
Extre. 5.00 Morning Music.

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Festival Hali

Prague Symphony Orchestra

by ANDREW CLEMENTS

Czech orchestral playing is mind . 50 the Czech Philhamonic, that it's sometime hard to remember that the capital houses another, emirently exportable orchestra. The Prague Symphony Orchestrailast visited Britain seven yeas ago, and returned to the Festival Hall on Saturday evening under Jiri Belohlavek, one of its two present principal conductors. It does not, on the evidence, have the class of its more famous sister, save prhaps in the brass section. The glories of Czech string paying can sometimes be reard, and there is much raw reard, and there is much raw strength and gutsy tone (foo nw in unguarded moments) fut climaxes were often muddy and the woodwind prone to atarrhal swoops; discrepancies in ensemble seemed out of place in what is a long-established,

well-drilled orchestra.

The programme was largely
Czech: the orchestral suite
culled by Talich and Smetacek from the first act of Janacek's The Cunning Little Vixen, the New World Symphony and. curious choice, Sibelius's Violin Concerto. Dvorak was generally more successfully rendered than Janacek; the orchestra is solidly

King's Head

home in symphonic writing than in the luminous web of the Vizen extracts. The solo violin for the gnat's waltz was only approximate, the dragonfly's return buried too deeply in drifting, undifferentiated lines, but Mr. Belohlavek and the trumpets seized upon the vixen's escape from the Forester (which ends the suite) to marvellous triumphant effect. The soloist in the Sibelius

the Chaikovsky Conservatory and winner of the Von Karajan Competition in 1974. He is technically fluent (though moments in the finale teetered on the edge of embarrassment) but curiously thin of tone, particularly on the lower strings. The concerto's opening suffered grievously as a consequence, while the slow movement was a sorry affair indeed, watery and unfocused. For some reason Mr. Belohlavek scaled down the lower strings for the concerto; its only palpable effect was to reduce the impact most of the more substan-

Queen Elizabeth Hall, one of the orchestral song cycles

Catchpenny Twist

by MICHAEL COVENEY

This theatre's run of small-chants, while not exactly from teaching after an end-of-sale musical hits bites the dust. Rodgers and Hart, do come term shindig—is an embryonic to without a fight, admittedly. across as a sympathetic duo in Janis Joplin figure played by

the nicely contrasted, sharp-

edged performance of Tony Scannell and Bryan Murray. In

fact, one feels that Mr. Parker

ing the business of popular song

rhymes with Quigley?" is the

play's funniest line, as the couple attempt to lighten the

'it drifts off into slib sentimental dark by immortalising the awkwardness of inter-cutting the

coming to terms with its grim

The quest yields a lovely inter-

The fourth Belfast graduate-

But these early, very well

off charting the fortunes of four is more interested in investigat-

ing into the pop music world writing than he is in writing a and, in the case of one of them, play about Ireland. "What

swriting team of Fletcher and written scenes, of how an ambi-

waves at a European Song Con- opportunities for expression are

ambivalent attude towards the second-hand flak about the com-

troubles if you're Irish, he promised search for success, seems to be sying, get out of The quest yields a lovely inter-

the partour. I you do, however, lude, however, when Tony Doyle expect to b dropped as a —who plays a lot of small parts

character of credibility and very well-appears in front of

interest in a lay by Mr. Parker. a sheeny backdrop in a blond

This is the fate of Anna wig to give us a distillation of Keaveney a an agitator reevery song that ever won on

The work and music mer- expelled with her colleagues in London.

Semple is destroyed by a letter tious, educated generation is

I admire Mr. Parker's quickly submerged in a lot of

traditional and was more at English Chamber Orchestra's more enterprising programmes was rewarded by a house less than balf full, even when the modern-music pill was sugared by Beethoven's first symphony. David Atherton conducted, and made an energetic, effective hors d'oeuvre out of William Mathias's Divertimento for string orchestra, an early work (written in 1958 while the composer was a student) but confidently constructed and sure of concerto was Boris Monoszon, a its language, even if that lanyoung Soviet violinist, student at guage now seems dated and anonymously modal.

In Britten's Nocturne Robert Tear found more comfort than he had been allowed in Das Lied von der Erde three days before; he is perhaps at his best in snapshot characterisations and it was in the settings of sharper dramatic point that he found most. In "The Kraken "he was helped considerably by Graham Sheen's marvellously lucid bassoon-playing and by his own deft handling of rhymes in the Keats "Sleep and Poetry": the Coleridge mock folk "Wander-ings of Cain" remains elusive, but now the episode from Wordsworth's Prelude has an authentic heroism. The Noclurne increasingly suggests it is the The previous evening in the most enduring of all Britten's

sponsor London Choral Society

time the Society has had major financia Isupport. Brian Dickie, chairman of the LCS said: "Now in its 76th season, the Society has taken a renewed lease of life, and it is most rewarding to have this support from Capital Radio which enables us to continue to promote concerts of great interest and high standards, not only in our present season but in 1980-81."

Wigmore Hall

Nash Ensemble

THE ARTS

by DAVID MURRAY

Any Nash Ensemble concert arouses high expectations, and higher still when French music and Mozart are promised. Thus Saturday's concert, for which even the most sanguine hones were amply fulfilled, this review is in danger of turning into a Valentine. All their Wigmore concerts this season have been on this plan and since Saturday concluded the series something like a deep salaam should be in

Mozart began the concert-

the Clarinet Trio K.498, in a leisurely and lovely performance. Antony Pay led it with golden tone (at the interval people were remembering Regibreath-control; he traced the melodic line with his eyebrows when he wasn't allowed to play it. Roger Chase's viola was excellently secure, and at the piano Ian Brown matched his poise and seized his own fleet opportunities with relish. At the other end of the evening came Ravel's Introduction and Allegro, no less elegantly tender. with a most musicianly account of the central harp part by Frances Kelly—placed a bit un-fairly at far stage left.

That was all vintage Nash So was their other Ravel, the Chansons madécasses, this time with Sarah Walker as the mezzo soloist: pungent and exciting with an original note of sad reproach in the anti-colonialist "Aoua" (and a brief uncertainty about the progress of "Nahan dove" after its first climax) The cycle followed the Piano Trio of Ravel's teacher faure, composed only four years earlier. Though at many earlier. Though at many, moments the Trio glowed, with beautiful unison playing by the strings (Marcia Crayford and Christopher van Kampen), it sounder a performance-in-the-making still. Their Allegro was too deliberately "non troppo to keep the music steadily aloft their Andantino so candidly expressive at the outset as to foreclose on its later intensity and the contrasting declarations of strings and plano in the Finale need to be carried by one and the same pulse. These are fine-line niggles, prompted by a performance of generous

Miss Walker's principal mission was to revive Fauré's version of La Bonne Chanson with string quintet and piano and she achieved it triumphantly. Something of the intimacy of the sentiments in the songs is inevitably lost in this larger version, but she capitalised on that: La Bonne Chanson is almost as specifically a man's song-cycle as Schumann's Schumann's Miss Walker's tact with her ambiguous role was supported by the distancing effect of the amused. expanded accompaniment, which renders the work more public and more broadly Romantic She was free to address the music with full-voiced sympathy. uncomplicated by the accident of gender, and the result was heart-lifting. With what remained to him of the original piano part. Ian Brown was pointedly delicate.

Capital Radio to

Capital Radio are to sponsor the London Choral Society's work during 1980-81, the first



Wayne Sleep as The Barber, Jennifer Penney as The Aristocrat and Lesley Collier as Mam'Zelle Angor in 'Mam'Zelle Angot'

Sadier's Wells Theatre

Bintley/Angot/Springplank

by CLEMENT CRISP

dancing, one event stands out: floor with one hand: elsewhere. the arrival of David Bintley's new Homage to Chopin with Sadier's Wells Royal Ballet. which I saw on Saturday after- leans backwards. noon. Its title comes from Andrzej Panufnik's score, and, without labouring the point. one can see how Bintley's choreography stands in the same relationship to the Fokine of Les Sylphides as does Panufnik's writing to his artistic forebear.

We are aware of a continuity of tradition-spiritual as well as physical-that is here assessed in sensitive and thoughtful terms. Gone the moon-lit glade and the evocation of Taglioni; instead Mike Becket has produced a back-cloth that first seems shadowy, but which vill reveal itself as a crayoned shaded mass of colour against which six white-clad girls are cought dreaming, as if leaning gently on the night air. (Typically of Bintley, the ballet begins with this image, which catches and holds the attention at once). There, too, the Young Man (David Ashmole): and-as we later see-slightly

The writing for Ashmole is brilliant, admirably done, and given those touches of originality which mark the short (less than 20 minutes) and felicitous span of the work: a solo ends with Ashmole reclining, the pase not quite complete as he

a position is taken on the ground then carried "too far." extending beyond the antici-pated and conventional as he

There are two pas de deux.

The first, with Anya Evans, is

decently lyrical, save for an awkward pose in which she is held, straddling his neck like the Old Man of the Sea; the briefer second duet is with Siobhan Stanley and is fresh, lovely. Bintley deploys his six girls with quiet ease, setting them floating or bounding. colouring movement through brief homage mazurka and polonaise (the score is extended by the inclusion of the mazurek from

Panufnik's Polonic). This fourth work from Bintley shows him sure in his craft. It is economical, unfussed. its atmosphere well sustained; and innovation is matched by respect for tradition-happiest of omens for the future.

I must also record that at this Saturday matinée Christine Aitken was serenely attractive in the re-dressed Pavane by Katrak was enchanting as the Young Girl in The Two Pigeons. with Desmond Kelly an impetuous Young Man, the rarely seemed fresher in recent wayward humour, is adorable,

Mam'zelle Angot to the repertory. Not the most probable excellent in his complete identiwork to be revived after an absence of a decade, but justified as a memorial tribute to Leonid Massine, Angot has the inestimable benefit of

Derain designs and a bubbling Lecorq score. No one will ever persuade me that the plot is comprehensible, yet Massine's dances have a vivacity and a bonhomous energy that remind choreographer and whisk the action helter-skelter along. Lesley Collier and Wayne

Sleep are very, very bright as Angot and her Barber: experience in the roles will allow them to relax, and find more of the charm and, in the case of the Barber, the pathos of their characters. Stephen Jefferies is good as the Caricaturist-and would be better as the Barber: Jennifer Penney is all sweet vacuity at the Aristocrat. With time the other roles should acquire the eccentric vitality extends the boundaries of dance.

works of this kind. Voluntaries and La Fin du activities I have lately see at Jour which completed the Riverside and the ICA Theatre. no longer Fokine's "Youth of MacMillan, with Alan Dubreuil Jour which completed the the Chopin type," but virile, as cavalier; and that Nicola programme. Voluntaries was strongly cast. Led by Alfreda Thorogood, who seems to infuse her dances with a pure, clear light, and David Wall; with sentiment of the first act has Vergie Derman allowed to open her style out to its broadest and years; Katrak, with her best in the trio with Mark Silver Christopher Bruce. The dances expressive eyes and pretty and Derek Deane; with the looked unfocused and repetitious attendant double sextet includ- -a yardage of grey choreo-

In a varied week-end of maintains his weight just off the Garden brought the return of younger dancers in the company. with Telley's free fication

> Voluniaries acquired a powerful physical impact. It lacked something in emotional resonperformances. La Fin du Jour. with its first and excellent cast -Park. Penney, Eagling (prodi--seems even better than last season, both in its innovations of step and in its sensitivity to the pre-war years as they speak to us from the fashionable magazines of the period: it might be sub-titled Homage to Deurille.

At a Umbrella is showing us the laboured and tiresome experigarde. La Fin du Jour reasserts both the continuity and adventurouspess of the academic school, and also the merits of MacMillan as a creator who that is so essential in Massine I find more true originality in the first movement of La Fin Rather more to the point were du Jour than in all the addled At Riverside, the Nederlands Springplank, was on view on

Friday night. Nine agreeable young dancers were seen in Rylian (NDT's director) and Saturday night at Covent ing many of the brightest of the graphic knitting.

Belgrade

'Brave New World' Festival

World festival, celebrating its European countries, Albania BITEF). Othello and King Lear tenth anniversary in the shadow of Tito's troubling illness. almost did not take place: the all-embracing exhibit of the ments elsewhere. usual start on the first Friday members of the Serban Now over 50 in February was postponed a week and a four-man direc-

director. Milutin Colic. The side-benefits of a trip to Belgrade are plentiful: American films by the dozens, plane to Dubrownik, art exhibits by day, theatre evenings by night, relaxed company with Socialist

The Belgrade Brave New film-makers from all the East Atelier 212 (the home of included.

Academy of Art over the past and a winner at the Berliner century and more, which had Festtage in the German Demoto be held on the city's fair cratic Republic in October, 1978. grounds to accommodate the

Theatre marked how tough the competition can be the latter serving as sails to between this stage and its rivals. the National Theatre and the Moor's soul, and Desdemona's

on successive nights were too A first for Yugoslavia was an good to resist despite entice-

> Now over 50 performances Emperor Jones. cratic Republic in October, 1978. Stevo Zigon's production of Othello features two young Cyprus, the tempest in the

bedroom-suite. The second act Symbolism to the edge of Expressionism — the same set would apply equally to O'Neill's

An Italian director, Paola Madjeli, produced King Lear with Ljubo Tadic, an able "Shakespearean actor" of 50, playing the ageing monarch like Shakespeare at the Yugoslav actors and a sparse stage of a ramnod Slavic chief thrown brama. Theatre marked how sand beach and billowing linen, out of his fortress but still majestic in defiance. A national

RONALD HOLLOWAY

SOCCER BY TREVOR BAILEY

minding her colleagues of their Eurovision.

hit Stewart Parker's TV play

eils to survive both the trans-

er of medium and its own

nherent shortcomngs. It starts

graduates, drifting from teach-

agitation in Norbern Ireland.

apocalypse in which the song-

bomb after filing to make

But, after a comising start,

world of political

moralising and an enforced latest Belfast victim.

Portsmouth keep drawing crowds

significance and entertainment in rather too many large and form and producing the results in the match between Ports mouth and Huddersfield on Division games. The two clubs, lying second and hird in the table are also the most prolific scorers in the courtry with 140 eague goals between them, while the gate of learly 19,500 was higher than most in the Second Division, sweral in the First and served as a reminder of happier time when they both memoers of the

This brought ut the question of what were his pair, who both possess gerline pedigree, tradition and considerable support, doing in a division which contain so many members with a real future or

ball mediocrity tively simple are served up in pete with big glamour clubs. usual number of mistakes must dersfield should provide some and difficult to dispossess,

the 1970s which must have left they then struck a lean spell, Saturday than in most Fourth financial problems. Portsmouth especially away, and many of

> category as many northern clubs with distinguished pasts such as Elackpool, Burnley. Sheffield Wednesday, Blackburn Rovers and Preston North End. 7,000, fall into the same Once the maximum wage was lifted their days in the First Division were doomed, because in an era of falling gates and

maintain the necessary figures The average attendance at and to produce a sufficient turn up to sample the compara- too small but also had to com-

Portsmouth's convincing and have been rade for them to of the confidence they have lost converted. An own goal from an be there.

may not be First Division their home games were ending to be content with a Kindon material though the achievement of their neighbours, southampton, who likewise have no close competition, suggest they could be.

May not be First Division their home games were ending to be content with a Kindon penalty.

The Yorksbire side used a standard, rather unimaginative the manager defended his decimient two lead forwards Kindon.

term shindig—is an embryonic Janis Joplin figure played by

the wonderful but totally mis-

cas; Nichola McAuliffe. Miss McAuliffe, my discovery of last

year, has a forehead that con-

tinues into her nose and makes

the most of Shaun Davey's

music where possible before succumbing to the melodramatic

demands of the script. Robert

Gillespie's direction is fluid enough, but cannot disguise the

composition of a song with the

process of its delivery in an un-

impressed recording studio, or

the difficulty of transferring

televisual cutaway shots to the

'Hamlet' sponsorship

Midland Bank is sponsoring new production of Hamlet,

with Michael Pennington in the

title role, to be presented by the

Royal Shakespeare Company at

Stratford-on-Avon this year. It will be directed by John Barton,

presently in the RSC repertoire

they could be. the manager defended his deci-Huddersfield, whose present sion on the grounds that it prohome gates have almost doubled vided him with the necessary to the respectability of about cash to purchase Garner, who on Saturday gave solidarity to are plenty of adequate second centre-backs on the market.

Despite Portsmouth's superiority in all departments. past, who are simply drifting rising easts their basic popula-to nowhere on : stream of foot-tion was not large enough to it could have been a different into the net instead of striking Fratton Park his season has revenue from extra-curricular he crossbar when the score was been a remarkale 16,358. With activities, while the surrounding numbers like hat prepared to catchment area was not only Rogers, a graceful left-winger, conjured up the best goal of the match with a clever dribble and a defence-splitting pass, which. belp feeling tat more than the deserved 41 victory over Hud- Gregory, exceptionally tenacious

They certainly were involved mas the club was showing the opportunist effort by Gregory after a defensive lapse and a pleted the scoring for the home team, while Huddersfield had

> -big, fast and awkward, who was recently bought for £50,000 -and Robins created few problems, while their back four were in constant trouble. After a diet of majoly First

Second and international foot-ball I found it very interesting watching two of the best Fourth Division teams, after Walsall, who surely could develop into something special. The largest difference lie in the higher proportion of unforced errors, the predictability of the patterns and a lack of originality. What has happened to the reverse

Nevertheless, both clubs should attain their first objective .- promotion. But they will need to improve if they are to make an impression in the Third Division, as neither appeared to be in the same class as Chester. corner, a sharp for example.

RUGBY UNION

BY PETER POBBING

Rosslyn Park veterans survive

ROSSLYN PARK are enjoying a to miss his touches and to put the Park under pressure was a major factor in their good season in their centenary allowed Park to counter-attack only at a distance. year and it was further fiercely through Anderson and enhanced by their John Player Tiddy. Later his tactical kicksingle-point victory against London Welsh on Saturday. The score was 16-15 to the Park at half time, and it remained so until the final whistle ended a game that had been intermittently exciting and frustrat-

gentlemen-six have played together for seven years. This gave them excellent mutual understanding. Barlow, Hinton and Rodgers have clearly benefited from playing fewer games this sear

Park could last such a withering pace. The fact that they was proof of their fitness and of the feckless way in which the Welsh passed up their

chances. Bennett began most promisingly and, of course, his kicking the Welsh were awarded a series contribution of three penalties of penalties ate in the game and a conversion had a great which they chose to run rather impact. Yet it was his other than make ground by kicking allowed Ripley to set up various kicking that let him down after to touch. These were snuffed moves with Cullen and Johnabout half-an-hour. He began out and the Welsh were able son. In fact, the Park back row

ing became inaccurate and he had moments of temporary amnesia about his threequarters.

It will be quite wrong to pin the major share of blame on Bennett, because there were problems between Lewis, the The Park pack had more number eight and Pritchard, than its share of venerable the scrum-half. Park slewed the Welsh on their heel and Lewis was not strong enough to pick up and give the hall cleanly to Pritchard. Certainly the Welsh need to tidy that particular area.

> With the Welsh desperately mistakes in captaincy. First, a firm stand should have been taken against the frolics of props Deacon and Davey, who ran incredibly quickly around the fringes conveniently into the willing Park defence. Second.

The effect of bringing the ball

back inside was to deprive their possession. Rees came flying through from full-back once, and Shanklin made a break reminiscent of his international days. but by and large the progress was natural rather than forward. It was scant reward for the tremendous efforts of Roberts and Howcroft in the second row. While the Welsh were whiz-

zing round Park kept their cool and played a limited brand of rugby which they will need to expand to make progress in the competition. The return of Hinton and Rodgers had added The Welsh started so explo- attacking in the second half validity to the scrummage and sively that one wondered if there were some far-ranging the channelling of the ball was very good. Ackford, highly praised by the All Blacks this year, has massive potential but lacks experience and bulk. Both should come in due course. international along with honours.

> Keith Roach and Cullen were not always in harmony at the foot-in but the good heeling

lot on in attack. A long solo superior backs of any constant and attitude to the game makes him one of the last Corinthians.

The other two back-row forwards played it tighter with Mantell scything down the big Welsh forwards at the ankle-a rare sight these days. Johnson grubbed for the ball effectively and did some splendid defensive work.

And it was indeed solid

defence that won the game for edge of the broken play but in the centre where Thornton some timely tackling. Warfield clearly enjoys playing flyhalf and sensibly he did not attempt to pass the ball from the set pieces. That may have been acceptable for this particular game but Park will have to use their excellent wings Tiddy and McKay much more frequently in the later rounds. Anderson prodded his colleages with some good counter-attacking and it took some excellent defence by the Weish's right wing Tiddy to

A rather unworldly politician

sticks to his creed

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Cornary 25 1980

Steelmen look to Europe

AN IMPRESSION has been gain-ing ground that the EEC, or niques. The second function is more specifically, the European to alleviate the consequences of Commission in Brussels, is about running down outdated or to step into the British steel uneconomic capacity, with the dispute. The idea seems to have inevitable job losses. In this caught on that the Commission capacity, the ECSC played a may be able to rush in as a major role in cushioning the dismediator where the Government appearance of the Dutch coal ·fears to tread. At the end of industry. At the time, that was last week, following visits to regarded as a major success Brussels by both management story. and unions, a series of new talks was announced that would dispute, the Commission involve the Commission with the concentrating on the second of two sides in a three-way these two roles. ECSC loans for dialogue. Both parties appar-ently felt they had got their steel industry stopped in 1977 point successfully across to the Eurocrats.

Deus ex machina

It would be quite wrong, however, to think that the Commission is about to appear as a deus ex machina to solve British Steel's problems just before the is true, has agreed to talks. With investigate how far BSC's retrenchment plans fit in with the available for re-training redunoverall programme for restructuring the European steel in-dustry put forward by Viscount Etienne Davignon, the Industry available, at subsidised interest Commissioner. With the unions, it will be discussing how Com-munity funds could help in activity. Indeed the UK has cushioning the social problems drawn fairly heavily on both caused by the planned rundown

of the British steel industry.
It is as well to be clear, however, about what the Commission is not going to do. In the first place, it is not going to get involved in any negotiations over ending the strike or in arguments over pay levels. Nor it intending to advise the British Steel Corporation over which plants it thinks should be closed and which kept open. The two main elements in the dispute, wages and closures. will continue to be matters to be settled between management and unions through traditional negotiating procedures. The Commission is not a European version of ACAS.

Two main roles

The Commission, wearing its European Coal and Steel Community (ECSC) hat, has two main roles. The first is to encourage the modernisation of the coal and steel industries petitive industries, whether in through loans for new invest-Over the years it has to streamline, for the French and Belgian coal industries, and industry to help it modernise cess that, sooner or later, is

In the current British steel

when the full realisation of the extent of Europe's over-capacity began to sink home. If the British Steel Corporation were ask for new loans to modernise its production, such a request would doubtless be considered by the Commission. But any funds that may be currently under consideration in the pain of the rundown, ent to prevent it. Grants could be dant workers, giving them early pensions or helping them move rates for reconverting the industry into other forms of drawn fairly heavily on both these facilities in recent years.

Competitive

There seems to be little justification for claims that the UK has not exploited these sources of finance to the full in the past, claims that have been heard quite regularly in recent rather to be over plans for new Community funds for the European steel industry-£50m over several years has been men-Thatcher's Government is not over-enthusiastic. The difficulty is that such funds would only be available to countries that were prepared to match them with a similar contribution from their own exchequers.

But even these funds would be devoted to aiding the rundown rather than halting it. The aims of the Commission's industrial policy are to encourage the creation of leaner, more comsteel or ship-building, not to prolong inefficient operations or style crisis, with the Conservaexcess capacities. European funds are not going to save individual steel plants in the back down in the face of a mas-Belgian coal industries, and i

No oil price unity yet

AT LAST, after 21 months of the three leading ministers deliberation, the Organisation attending the final session of Petroleum Countries' top-level ministerial committee has drawn up its report aimed at laying down a long-term strategy for the oil producers. Amongst its more important proposals is known to be one for regular and autoaccording to world inflation. currency fluctuations and — to ensure an appreciation of revenues in real terms — the average economic growth rate of members of the Organisation for Economic Co-operation and Development.

Both producers and con-sumers, it is argued, would benefit from the introduction of a formula enabling them to anticipate the scale of oil price rises, thus doing away with uncertainty about the arbitrary compromises of the past.

Caracas failure

There is, however, an almost embarrassing irony in the fact that the committee should be solemnly making such a recommendation at a time when prices are in greater disarray than ever. At the last ministerial conference in Caracas in zuela, made strenuous efforts to bring prices into line. They foundered mainly over disagreegravity, quality and proximity acquiesce in any system precould bear.

conditions for agreement on a unified price structure by the end of the first quarter of 1980. The indications are that probased on spot market rates. Yet having earlier held out hopes of compromise by the spring system.

Exporting OPEC's long-term strategy committee talked in terms of the time being ripe by mid-summer.

The past year has shown the limited extent to which oil prices are affected by simple laws of supply and demand. In takes flight 1979 total output of OPEC memhers was up by 3 per cent and total non-Communist production by 4 per cent thanks to the the North Sea. The rise in consumption was less, but on average prices more than doubled. So far this year output has probably been running at according to the estimates of the International Energy Agency Yet following Saudi Arabia's decision to raise its price by \$2 a barrel to \$26, a move towards price unification, other producers responded in kind and have met no resistance from

Anxiety about supplies

This apparent paradox can be explained partly by changes in the pattern of world wide oil distribution, not least the reduced role of the international December some members, not- oil companies and the growing ably Saudi Arabia and Vene. volume of direct sales by the producers. Another equally important factor has been conlinuing anxiety about supplies ment over the permissible size and access to them. By June of differentials in respect of or even earlier there may be downward pressure on the topto markets. But underlying the tier prices. With the much dispute on this issue there was higher per barrel revenues an apparent reluctance on the achieved since 1978, however. part of some producers to producers such as Libya and Algeria are in a position to cut venting them from obtaining output to maintain asking rates, the maximum that the market Any reasonable unification of the price structure would in-Then it was suggested that surplus production might create the crudes which producers will be most unwilling to contemplate.

Meanwhile, in the context of Inventories are already at a the trend to conserving oil re-record level thanks to heavy serves, highlighted by Kuwait's serves, highlighted by Kuwait's stock building towards the end decision to cut its output by of last year and the mild winter. more than a quarter from April. the surplus accounting for only duction is still running well about 2 per cent of global conahead of demand. Some non-sumption must be regarded as OPEC producers have already a modest, short term one. Even been forced to trim demands with full stocks, it will by no means ensure a basis for a re-other Arab states, the number hotel with the legend: "We do a rather ironic situation." All turn to a single-tier pricing coming to London has fallen not need foreign management kinds of scanner have been in-

welfare, the social services, and I have more and more learned that welfare and jobs and such things depend on a stong industrial base." With this simple declaration.

Sir Keith Joseph explains why he is convinced, after nine months as Industry Secretary, and after nearly two months of the national steel strike, that his policies of disengagement industry and strong monetary controls are the right solution for Britain He is showing no signs of budging

from his basic philosophy. His faith in his arguments has not been arguments has not weakened, despite the troversy caused by the steel strike and the opposition of some other senior Ministers to his single-minded approach. Indeed some of his civil servants believe he is now showing more signs of strength and conviction than in his early days at the Industry

Department. Last Oc October he was described as "one of the most original and brilliant minds in the Conservative Party's annual conference, who later added to rapturous applause: "You are the man who wins our arguments for us."

No change in views

Today, with industry sliding into recession and with the political and industrial consequences of the steel strike staring the Government in the face, many people might expect Sir Keith to be revising his arguments.

But he is not doing so. "There is no change in my views," he declares. He rebuts suggestions that his policies are cruel to the steelworkers who have been asked to accept low pay rises as well as massive redundancies and says: "The real cruelty would be to give them the taxpayers' money and deny it to the social services and to the taxpayers themselves-that's where the real cruelty would lie."

Some of his fellow Ministers the steel strike continuing for another month or so, and fear that it might then lead to a Sueztive Party tearing itself apart in trying to decide whether to sive confrontation with the simply: "I have no idea how long the strike will go on." and adds that it will only end "when it solves itself by the unions accepting a settlement that British Steel can afford."

Sweeping aside suggestions. that a financial reconstruction might be brought forward to help a settlement, and that the corporation will not be able to break even because of the probems it will face after the strike. he says: "There will be a finan-

CAME into politics cial reconstruction but not policy makers had intended to do next, if Labour had stayed because of a concern before they're profitable." He before the election. Regional in power. There were outline for what is now called acknowledges that the increase aid is only being slimmed down plans to provide more help for for what is now called in steel imports being obtained slowly, and existing industrial by companies to keep their prowith an interest in duction lines going will make matters worse the longer the strike continues, but rejects any intervention: "It would be no kindness to the steelworkers to

bend the rules.' He believes that any use of government authority to try to end the strike would only lead to "beer and sandwiches" con-ciliation, with the Government relaxing its financial require-ments. Thus he sees no role for the Government in trying to help the Corporation manage the strategy and the tactics of the dispute, and insists that Cabinet Ministers are not vetting the corporation's pay offers.

In some ways this hard line comes as a surprise when one has watched Sir Keith being highly pragmatic (and some times too soft for Mrs. Margaret Thatcher's liking) on issues like shipbuilding, aerospace nationalisation, the National Enterprise Board, and industrial aid. Sir Keith, however, believes he is consistent. He says he is not being any harder on the steel industry than on his other two main problem areas suffering heavy redundancies—British Shipbuilders and BL. "In each case the industry or company is required by the Government to become competitive, and this has led to

has required is that industry of "de-industrialisation." becomes competitive."

Although this answer dodges the fact that shipbuilding has steel to become profitable, it still underlines the basic policy. Sir Keith is also worried that "several dragons in BL's path" will upset the motor company's future and that the shipbuilding industry, despite its good labour relations, will fail to make the productivity improvements that are essential for its survival. His remarks make it clear he would want to stand as firm on these businesses

Changes in

as he is on steel.

Yet Sir Keith has shown more pragmatism on other issues. Plans for selling off space and shipbuilding industrics were abandoned last year for practical reasons, and were substituted by the ation" of British Aerospace whereby about 50 per cent of its shares will be sold to the private sector soon. The expected shipbuilding cuts were less drastic than had been expected, while the National

to run their course.

Sir Keith says he has only accepted the need to make these policy decisions on a temporary basis. He refuses to accept the logic that, if he is prepared to go along with this amount of direct intervention in industry, he should be prepared to take more short-term measures to help industry as a whole to survive the next two years' severe economic and financial problems.

"I don't think the Government can do anything for industry in general except create the right framework on taxation, reducing inflation, interest rates, public spending, trade union law, other regulations and matters such as planning procedures" he declares. He also draws a sharp distinction, which his critics cannot see between direct industrial intervention and other policies affective industry, such as competition, EEC activities, ECGD export support, and overseas trade negotiations, which he dismisses airily as "Board of Trade stuff." He refuses to acknowledge that it is illogical for a government that does so much to adopt a doctrinaire opposition to intervention in

niher areas. The main point here is that the slimming proposals pro- Sir Keith is showing little or duced by the managements at no interest in introducing something like the same initiatives to deal with the proportionate order of short-term detailed problems of magnitude. The Government industry, or with the general has not suggested, let alone issue of how far British comrequired, any particular slim-ming. What the Government as part of the gradual process

> On macro-economic policy he regrets that the level of public spending and borrowing cannot be cut fast enough to bring down interest rates, so sparing the private sector the worst rigours of the battle against inflation. He recognises that this is putting extra, and potentially unbearable, pressure on otherwise sound companies but sees it as a necessary means to his end. "It is inevitable that the process of rescuing British industry cannot be done without some disadvantages and damage," he declares.

He has also allowed a selective investment scheme aimed at attracting foreign projects into the UK to continue, but sees no scope for more of the type of scheme introduced by the Labour Government to try to re-invigorate individual sectors of industry. He has refused to sanction a scheme to encourage the development of opto-electronics and, at the behest of Mrs. Thatcher, has trimmed aid for micro-electronics (and is still considering the future of the NEB's INMOS micro chip venture).

It is worth noting, however, that those of Sir Keith's senior civil servants who revelled under the last Government in

electronics and energy conservation, and, possibly, fishing, which might have helped the now-doomed port of Hull. But there was no sectoral aid strategy in the Industry Department for manufacturing companies in general, and there were also plenty of critics of

the whole idea of the schemes. Just as Sir Keith disapproves of such intervention, so he has yet to be persuaded that there servants monitoring different industries from Whitehall and from the National Economic Development Office. Sir Geoffrey Howe is far more enthusiastic about the NEDO sector working party system of building industrial

consensus than is Sir Keith. His only concession for such companies so far has been to aid schemes started by the last Government expire, the funds ment should continue. The intention is to encourage companies to go ahead with research schemes, despite the low level of profitability.

The matters which concern him more—and which he would far prefer to spend time discussing—are his longer term reforms. These include breaking the monopoly of the Post Office, taking private capital into State businesses like aerospace, encouraging financial institutions to invest in small companies, and improving the system of public purchasing.

Outline policy

He is especially interested in public purchasing—or "intelli-gent clientship" as he has called it—and has fust obtained Treasury approval for an outline policy paper that will now be developed into specific initiatives over the next few mouths. The idea is to use public sector projects to enable private sector companies to develop goods that can be exported, as the Coal Board has done with mining machinery. Other examples include the Ministry of Defence procurement agency's activities, and the Post Office's recent develop-ment agency's activities, and communications area. "We shall have to choose the most promising combinations of buyer and adding in order to allay EEC fears that the UK might be will of course operate within our international obligations."

Enterprise Board has been designing the sectoral aid instead is urging pension funds name is the Mad Monk). Sir victions and pillosophy are not kept in being with a wider schemes would have been at and other City institutions to in-brief than Conservative Party something of a loss about what crease their investments. A lot intellect he brings to his work politics is mad.



provision of very small factory workshops. Despite his predelic be able to exert the direct tion for slimming down State influence over industrial flairs agencies, he has agreed to the expansion of his Department's (for example in matters son as small firms' counselling service: the Kacal-Decca-GEC batte).

could be merged with Mr. John Nott's Trade Department, which itself is directly involved in industry. (Its study of the taxa-

are equally long term in that harbouring civil servants of all manufacturing companies and they will not have any significant levels of seniority who pre-their manages. This somewhat impact on employment levels, or ferred life under the more inter-unworldly approach means that on industrial performance, for ventionist Labour Government, the Government is short of some time. He is showing little But while some civil servants someone able to publicise its enthusiesm for a small firms' dubbed him the Ayatollah last policies for injustry effective. bank loan guarantee scheme, but year, (his Westminster nick-because Sir Feith's deep con-

of work is also taking place on and for the quality of argument other initiatives, including the advice he requires of his officials. So while they may not be able to exert the tirect that some of them would like Ultimately Sir Keith would civil servants have the compenlike the work of his department sation of a Secretary of tate to dwindle to a size where it who holds a significant postion in the Government. But because of his intellectal

approach, Sir Kelth often gyes the impression of a man searhtion changes which may be ing after eternal truths who needed to make it easier for would prefer not to be diversed purchaser," says Sir Keith, companies to unscramble mer- by the day to day problems. Ie gers could for example, have a would rather encourage be more important impact on the entrepreneur devise ways of teabout to launch an unfair "Buy structure of industry than some versing what he calls Britair's British" campaign: "The policy of Sir Keith's initiatives.) "anti-enterprise culture," and For some time therefore the explore the true nature of diur international obligations." Industry Department will industrialisation, than attend b His initiatives on small firms remain in being, inevitably the specific worries of ordinary name is the Mad Monk), Sir victions and philosophy are not

MEN AND MATTERS

Golden goose

The Libyan Government's decision—amid accusations of theecing "—to cut off the torrent of patients coming to Britain for treatment has raised few eyebrows in Harley Street. The Libyan People's Bureau in London claims to have spent, over the last 16 months, £50m on having 4,000 of its nationals treated. They may have run up debts of £50m," says one eminent gynaecologist, but spent . . . (She is not alone in refusing to treat Libyan embassy patients: the Libyans for their part claim their tardiness in paying-there have been complaints of two-year delays—is due to the sheer volume of paper work, not helped by doctors putting in reminders which look like fresh invoices.)

But while companies such as American Medical, owners of the Harley Street Clinic, are still able to charge well over £100 a day for a room, there is no doubt that the bonanza of mass private treatment of Arab nationals in London is over. Wimpole Street cardiac

surgeon John Wright estimates that patients from the Middle East, whether private or government - financed, have fallen by 75 per cent in the last two years. "I read the papers," he says, when questioned about the allegations of sharp practices: "It probably happens, like taxi drivers overcharging, but I have no personal knowledge of it. Probably the main reason for the smaller number of patients is that the Gulf states are building new hospitals."

The Libyan patients are not, however, going home. They are going to Germany, Italy, Spain, and as far afield as Poland and Yugoslavia. And despite grandiose new hospitals in Saudi Arabia, large numbers of Saudi nationals are still being treated abroad. As with all the to a trickle. Saudi eye patients and look on you as a poppet vestigated, but those that



now go to Spain, others to Germany, and a number to the U.S.—which must say something about Harley Street fees.
"No one is saying Harley Street is incompetent," a source close to the Saudi embassy tells me, "but, well, they just feel they like to strike a hard

Departing poppet

The revolution is once again being felt within the Tehran Intercontinental. Already deprived of access to its \$1mworth of wine and spirits— poured down the drains last year-the clientele is now being subjected to astonishingly slow service, no doubt of revolutionary origin.

Waiters may have been encouraged by newspaper reports that the place, described "a pleasure den," is the haunt of sples, enemies of humanity, and kindred spooks, and that the two managers are American. The staff has taken to glueing posters all over the hotel with the legend: "We do

(sic). Therefore get lost as worked reasonably accurately soon as possible." One of the proved far more expensive than managers (they are actually German and Irish) has taken this advice and is moving to a less troublesome spot on the Gulf.

Serving chips

Now that "chips with everything " is settling down to its non-culinary meaning, one tends to assume that the leisure boom -feared or welcomed since about 1947-really is just around the corner.

heartening to learn from the president of Mead Data, a New York data processing company, that things are not quite like that. Jerry Rubin ("I used to get a lot of funny calls: I'm a different Rubin-I wear shoes") confesses that his Lexis service. giving lawyers computerised access to the full texts of court cases and other information, involves the use of armies of

While no doubt "redeeming the lawyer from drudgery," as Rubin claims, Lexis has so far involved the conventional typing out on to computer tape of more volumes. The system 000 companies, repor

simile . out S. and Britain, but mo is farmed out to The outgoing Archbishop of the Far East — Indian typists Canterbury, Donald Coggan, will for money. More work is coming their way soon. Rubin has negotiated the rights to syndicate over ten years' worth of abouts. Reuters and the Economist, Child along with the output of four other newspapers and agencies.

offing.
"We use some tapes, when the materials have been set using photocomposition, and the tapes have not been lost. Otherwise," says Rubin embarrassed tones, "they have to be copied out . . . I know it's a rather ironic situation:" All

More negotiations are in the

a Korean copy typist. One day, perhaps, just such a lady will smile wanly as she retypes these very same words.

New boots

The past few days have seen David Jessel, deputy chairman of Eagle Star Insurance, trying on for size the gumboots just vacated by Alan Shaw, chair-man of the Intervention Board for Agricultural Produce. This is the government agency which spends much of its efforts on It is therefore vaguely disbuilding and dismantling mountains of surplus butter, beef,

and cereals. Peter Walker, Minister of Agriculture, obviously has few doubts that the boots will fit nicely. Himself a City operator of some reputation, Walker has known Jessel for around 20 years. His choice indicates once again that he intends to inject a strong dose of professionalism into the management of the farm industry.

While it operated smoothly enough under Shaw, the intervention board never quite matched the aggressive efficiency of its European counter parts.

to some extent Floating vicar

are said to give the best value be remembered, if for nothing else, for a curious conversation he is alleged to have had with a child during one of his walk-

Child: Was you on the Ark? Coggan: Well, er, no. Child (suspiciously): How come you wasn't drowned then?

Raw material

Overheard at a Sandhurst cock-tail party: "Nothing wrong with the Welsh-make damned fine

Observer

DSO, MC, MM.



now, when he sees a clock, he hides

HERE are limits to what the human mind can sand. For Major 1 Cassess, after years of bravery in Bomb Dsposal, the limit comes each time be sees a clock. Every alarm dock is a bomb, each ticking watch a probable explosion.

Soldiers, Sailors and Airmen all risk mental breaklown equally in war and in keeping the peace. There are bombs mich nearer to us

than Cyprus, Aden or Malaya. We devote ourselves solely to the welfare of these rave men and women who have tried to give so much more than they could. We help them at home, and in hospital. We pro our own Convalescent Home. For some, we provide work h a sheltered industry, so that they can live without charity. For there is our Veterans' Home. If we are to go on helping them, we must have funds. Please send a donation, please sign a coverent, please remember us with a legacy, perhaps. The need is fally ingent; and the debt is owed by all of us.

"They've given more than they couldplease give as much as you can."

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KUNMAIT

Kuwait's accumulation of \$40bn in foreign assets is one explanation for the somewhat bland and complacent facade of the little State which now boasts the highest per capita income in the world. But behind the facade it is not difficult to detect uncertainty and nervousness, due, in part, to the upheavals in Iran.

A State awash with money

By Richard Johns Middle East Editor

IN WINTER, Knwait can be chilled to the bone by the northerly winds blowing down from the snowy mountains of the Caucasus. To an unitiated and uniformed businessman erriving in a lightweight suit, the blasts can come as a surprise. This year it would be all too easy for a newcomer to see a bleak symbolism in this climatic phenomenon.

Physically, Kuwait is a small and vulnerable State in con-trast to its oil-generated wealth that is reckoned to give it the highest per capita income in the world. But it shows little indication of shivering at the cold turbulence in the region arising from the Soviet Union's intervention in Afghanistan that has, for instance, so much discomfited Saudi Arabia. Kuwait seems so detached from it all that the Russian troops might be on the other side of the moon, rather than only 1,000

or so miles away. Kuwait's seemingly complacent attitude might be regarded as showing a lack of reality on the part of a conservative State, ruled for the past two centuries and a quarter by a dynasty that is generally renowned for both moderation and wisdom. However, it is understandable enough within the perspectives of Kuwait's history and position in the Arab world.

Since the migration from the heartland of Arabia with a dozen or so other families who constitute the aristocracy of the Sheikhdom and the establishment of a modest trading centre at the head of the Gulf, the Al Sabahs have had to tread a careful path to preserve the in-tegrity of Kuwait. It was generally successful in thwart-ing Ottoman rule. Then, in 1914. Kuwait came under the protection of Britain which was responsible for its defence until 1961. No sooner had Kuwait achieved fully independent statehood than Iraq attempted to sunex it.

Apprehensions

For many years, Kuwait was dominated by apprehensions about the radical Arab States. not the least because of the presence of its own large Pales portant as Afghanistan. tinian minority. The proximity of Baathist Iraq, with its longterm commitment to export revolution and bring about the permanent merger of States, has always been a source unease and also of accute anxiety when. seven years ago, its forces violated Kuwaiti territory in the pursuit of a still unresolved is best assured by an Arab- and radicals within the Organi- to the Shi'ite sect. Most of them

territorials campaign.

established itself as a respected member of the Arab community of States in a process helped by its generous disbursement of project aid. It has sought security through identifying itself - and, increasingly, helping to promote through quiet diplomacy - pan - Arab sensus and taking a prudent middle-of-road course. Conversely, it feels most uncomfortable when the Arab world is divided or polarised.

its espousal of Palestinian cause, however, Kuwait has been "purer than What may, in origin, pure." have been partly motivated by expedience is now a matter of conviction. Thus, even left to itself, the State would have rejected the Egyptian-Israeli Peace Treaty and, in doing so, underwent the misgivings suffered by the Saudi Ruling hierarchy.

Both at the UN and at the recent Islamic Conference, it condemned the Soviet occupation of Afghanistan. But, two weeks ago, Sheikh Sabah al Ahmed al Sabah, foreign minister, left Mr. Donald McHenry, U.S. Ambassador at the UN, in no doubt that, for Kuwait, Palestine was as im-

Mr. Abdel-Aziz Hussein, Minister of State, was speaking the truth and for his fellow citizens when he said: "The crisis of Afghanistan should not divert our attention from the real problem. Jerusalem is much more sacred to us than Kabul."

Israeli settlement, satisfying sation of Petroleum Exporting Nevertheless, Kuwait quickly Palestinian aspirations, and a non-aligned position as regards rivalry. was quick to endorse Iraq's pan-Arab charter, rejecting outside intervention in the Arab world.

Earlier this month, meanwhile, it publicised some military manoeuvres and the firing of Soviet-made Luna missiles. This first acknowledgement of Kuwait's possession of the weapon (which it has had in its armoury for over a year) seemed calculated to demonstrate its neutrality. Kuwait has a well-equipped army and air force, otherwise almost totally supplied by the U.S., UK and France. though, by all accounts, the command and officer corps are of dubious

Demonstration

Basically, what has been expected of them is no more than to slow down an aggressor long enough for diplomacy to to Kuwait's aid. implied threat was always from Iraq, but ministers and officials quite genuinely believe now Israel to be the prime potential enemy, because of Kuwait's support for the Palestinian cause and the possibility of it heing forced to unsheath the oil weapon again.

With Iraq now taking the lead in opposing any outside interference in the Gulf and having renounced its unfriendly isolation. Kuwait feels as secure as ever within the Arab fold. Until. recently, the moderate broker of Kuwait feels that its security compromise between militants the Kuwait population belongs

Countries, Kuwait - without consulting Saudi Arabia-has taken the lead in escalating oil prices that could be seen as a sign of new self—assertive confidence

With per-barrel revenues almost double what they were at the end of 1978, the strict limits imposed on its external expenditure, the Government may spend only a third of what it earns, during the coming

The shock caused by the freezing of Iranian assets by the US, and the general depreciation of its investment in the West, have intensified Kuwait's determination to deploy more of its surplus though investment in Arab and other developing countries

Accumulation of \$35bn to \$40bn in foreign assets is another explanation for Kuwait's somewhat bland and complacent facade. Behind it, however, it is not difficult to detect uncertainty and nervousness. Par more disturbing have been the Iranian revolution and, to a lesser extent, the seizure of the Grand Mosque in Mecca last November. The students' capture of the U.S. Embassy in Tehran and the holding of the American hostages there, in itself, led to a flight of capital, though it is impossible to quantify the

In general, the upheaval in the name of Islam was bound to be a source of concern because at least 20 per cent-and probably as much as 30 per cent-of

are people of Iranian origin or Persian expatriates. Inflammatory preaching by Hojatoleslam Szyyed Abbas al

Mahri, who was acting under the instructions of Ayatollab foment to Kuwait last September. The authorities' expulsion of the seditious priest and his family, despite his Kuwaiti citizenship, had a salutory effect on the Shi'ite community.

The march on the U.S. Embassy, two months later, was dispersed but was a hardly reassuring event.

Kuwait has tried hard to come to terms and make friends with Khomeini's Iran—a task not eased by Iraq's hostility to it and, understandably the Kuwaiti Government and most citizens have not appreciated Iraniau cells to overthrow the on the Saudi Royal family, traditionalist Saudi regime. rather than Kuwait's The emergence of Mr. Abol-Hassan Bani-Sadr as President of Iran has been greeted with

Islamic revival

Islamic resurgence has made itself felt among the Sunni majority and has been reflected in more devout observance. Last autumn, religious elements dis-"progressive" Arab regimes." nationalists to become the majority on the elected students' council at Kuwait university for the first time. No real conclusion can be drawn from the fact that Juhaymen Otaibi, the organiser of the attack on the Grand Mosque,

execution of three Kuwaitis for their part in the operation. The authorities had more reason to take seriously Mr. Abdullah Nafisi, a former member of the National Assembly, who was Khomeini, brought the Iranian stripped of his post at the University and his passport was withdrawn because of his criti-cism of the established order.

The latter was returned to him when he organised a mass march to the Saudi border proclaiming that Islam knew no frontiers.

Now in exile, Mr. Nasifi had been persuading the religious revivalists to take more interest in political, rather than strictly moral issues, and also to find more common ground with the opposition represented by the Arab Nationalist Movement. The former have focussed criticism paternalistic and benevolent dynasty which has always kept a low profile, avoided ostenta-tion and kept out of business. Members of the Arab National Movement could be described as Liberal Democrats, with a more pronounced concern about social justice (for expatriates. as well as Kuwaitis), and identification with "progressive Arab

The evidence is that the main political interest of the majority of Kuwaiti citizens, preoccupied with making money or living in comfortable indolence afforded by the welfare state, is the protection and enhancement of their own material interests.

had recently spent much time Just two years after his in Kuwait — except that the accession. Sheikh Jaber al State is a tolerant one — or the Ahmed al Sabah. the Ruler,

CONTINUED ON NEXT PAGE

The Ruler's Palace. Kuwait BASIC STATISTICS 6,800 square miles Population GNP KD 3,672m KD 3,464 Per Caput Trade (1978)

> Exports to UK Currency: Kuwait dinar: £1=0.626

Imports from UK

Imports

KD 1,268.8m

KD 2.867.3m

£332.2m

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Kuwait International Finance Company, better known as KIFCO, has become an important name on the international finance scene.

Kifco is active in project financing, syndication of multicurrency loans, managing and underwriting Eurobond issues, Eurocurrency lending, portfolio management and foreign

During the last five year period, it has lead managed six international issues, co-managed four, acted as agent for five syndicated loans and participated as underwriter/selling group member in over 350 issues. In addition, it is now a marketmaker for Kuwaiti dinar denominated Eurobonds. Kifco continues to contribute significantly to the growth of the Middle East capital market.



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The pressures of inflation have been reduced

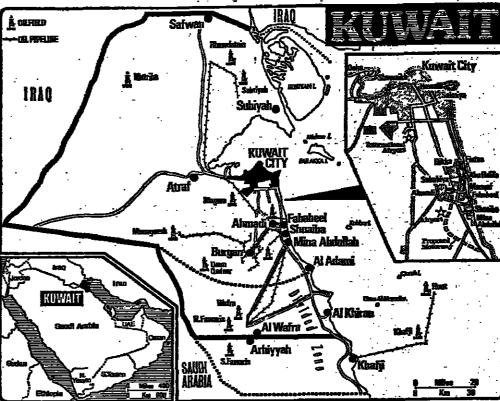
THE AVERAGE Kuwaiti, if such a person existed and he was aware of the report in question, would not have been impressed by the World Bank's recently published calculation that the State is top of the global league, in terms of per capita income. At \$14,900, the figure was slightly above those for the United Arab Emirates and Qatar, two other oil producers with smaller popula-tions, but less diversified

It does not take into account the 125 per cent rise in the basic price of Kuwait's oil since the beginning of 1979. The lead, established in 1978, is likely to have been consolidated

Yet there has been no dramatic increase in the wealth or standard of living of the State's citizenry. Any anomaly apparent at first sight is easily explained by the fact that revenues have for the past seven years exceeded absorptive capacity, even when they declined in real terms in

the State's financial surplus will he bigger than ever. But, as in the past few years, the proportion of national income at the disposal of the people will fall despite a continuation of the time-honoured policy of distributing as much as possible. Kuweit has no choice but to save the greater part of its

ely predominant factor in Kuwait's economy. Currently it accounts for rather more an three-quarters of GDP and exchange earnings. Excluding investment income, which must now be running at



ploughed back into the State's ally able to do so yet. Mean-reserves, petroleum provides while, control of public expendimore than 95 per cent of As much as ever. domestic expenditure is the factor governing the greater part of economic activity and providing liquidity to the

As a result of the progressive price increments last year, petroleum and gas revenues would have increased from rather less than \$10bn in 1978 to an estimated \$16-17bn in 1979. The unscheduled escalation since the summer of last year has been such as to make nonsense of the projections in the budget for the 1979-80 fiscal year that began last year.

This foresaw revenue total-ling KD 3.24bn, or \$11.85bn at present rate of exchange, which KD 3.23bn was expected to come from oil and Expenditure was set at only KD 2.25bn (\$8.23bn). Kuwait may enjoy a surplus more than twice as much as it had expected during the 1979-80 financial year and perhaps as much as \$10bn

The Government, however, is no less committed to the tightest control of public expenditure in the economy in the wake of the to the point of stagnation. line with the advice given by Professor Karl Schiller, the former West German Minister of Economics. In that year actual outlay was 10 per cent below projections. Appropria-tions in the 1979-80 budget were lower by 1.5 per cent in absolute terms and disbursements con-

sumed only 90 per cent of them.
The 15 per cent rise in expenditure, anticipated for the current financial year, would only be a modest one in real

Pay increases

Only last year did the Government award public servants, who constitute no less than half of the workforce, pay increases of up to 20 per cent—the first since 1974. Subsidies on basic foodstuffs and commodities have given only limited protection against inflation. Looking to the future, the Government has been thinking in terms of some form of taxation to diversify its resources and evolve another instrument with which to influence the economy. But clearly it does not feel politicture is the only fiscal tool in its

must be among the most over-valued in the world.

The possibility of a collapse of the sort that led the Government to support the market in

1977, at the cost of some KD

150m, canno be ruled out. Some

investors may believe that it would again come to their res-

cue. But this is by no means certain—some, at least in the

Government, seem opposed to another such exercise in pater-

nalism. The real estate market

is by no means moribund, but the prices reached on it seemed

to have dampened down the

speculative fever of previous

In this situation, Kuwaiti

prospect of massive, easy profit-

taking have been focusing

In 1978, there was a signifi-

cant development—the Central

Bank calculates that private

transfers in that year were rather more than KD 1bn, com-

praed with about KD 850m in

1977. The outflow may have

been more than twice as much in 1979 and reached flood pro-

portions from the summer on-

wards. It led to the severe

liquidity shortage in the bank-

ing system that is still being acutely felt.

particular, events in Iran have undoubtedly been one factor be-

hind this phenomenon. But it

has probably been the least of

them. That much seems clearly

indicated by the scale of funds offered for Gulf off-shore com-

Only the speculative nature

of many Kuwaiti investors can

explain the interest in and

heavy subscriptions for flota-

tions bearing litle or no promise

of a high return or apprecia-

tion. By the end of October, no less than 15,000 Kuwaitis are

in the new entities.

The gold rush played its part, too. In the last quarter of 1979

much as 20 per cent of Kuwaiti speculation outside the State.

opposed the lifting of the old

71 per cent ceiling, the maxi-

Apprehension arising from in-

more attention abroad.

achieved over the past 14 months will more than offset the cut in production from Kuwait's main fields from an average in the range of 2.1m-2.2m barrels a day to 1.5m b/d from April of this year.

The Government can argue with justification that in 1979 it maintained a flow for above what was dictated by its financial requirements.

Indeed, the rate has been a matter of some embarrassment the Government with the businessmen and investorsmost of them fixated by the conservation-minded public in mind. Now the probability is that even at the lower rate of output expenditure will con-sume little more than one-third

Social strains

Policy aimed over the past two years at reducing inflationary pressures and easing social strains has inevitably slowed down the rate of economic growth and had implications for the private sector. continuing fight against Programmed budgeting has inflation. Strict discipline was meant not only that the first imposed in 1977-78 follow- economy has cooled but that ing the severe over-heating of growth has slowed down almost

> was reduced from 35 per cent in 1976 to 24 per cent in 1977 and 22 per cent in 1978. In the process, inflation was reduced from a rate of something like 25 per cent or more to about 10-12 per cent.

> Imports showed a decline of 9 per cent in value terms in 1978, according to Kuwaiti statistics, compared with a rate of 30-50 per cent before. None are available for 1979, but the returns from the State's leading trade partners indicate only a slight recovery. The impression given by Kuwaiti merchants is that there has been none at all.

Assumptions about fat and easy profits, engendered by the 1974-76 bouanza, still remain but have been frustrated at the But, undoubtedly, the low result of Government spending Kuwaiti interest rate compared restraints and the limited scope with those prevailing elsewhere fo rinvestment at home. The was responsible for the size of turnover of KD 1.8bn on the drain. Following the dissock Exchange last year, compared with KD 1.4bn in 1978, Assembly, which had resolutely composed the lifting of the old. was a record. Trading was slack in the last

quarter, however, as investors mum was raised three years ago appeared to realise the risks of to 81 per cent for loans of un arily high price-earnings ratios, to one year and 10 per cent for

a year or more. It was hardly surprising that Kuwaitis should have sought higher returns The exchange risk has been

minimal because of the heavy the basket of currencles - of which the mix is still a closely guarded secret - used for setting the exchange rate of the dinar. The extent of the heavy borrowing for speculative purposes can be seen from the 44 per cent increase to KD 2.10bn in the commercial banks' lending to the private sector in the 12 months up to last November.

At that point, deposits hardly only 12 per cent over the same period. Heavy borrowing for speculative purposes has been the prime cause of the liquidity crisis. Commercial banks have found themselves paying more than the minimum lending rate to attract deposits.

To enable them to carry out normal trade financing with more confidence, the Central Bank has had to make available special swap and rediscount facilities.

Measures taken to stem the flow have only been partially successful and have betrayed some confusion on the part of the authorities as to what relationship Kuwait should have, as a capital market, with the region and the wider world. The decision to suspend dealings in the Gulf companies in Kuwait itself had little effect.

An extra-budgetary increase in spending on land acquisition, one of the traditional Kuwaiti methods of distributing the state's wealth, was meant to pump more liquidity into the economy but in effect provided more for speculation. The tem-porary halting of issues of KD-denominated bonds merely der-scored the fact that, with their low yield and the close linkage of the currency to the dollar, they do not look like an attractive investment, least of all to a Kuwaiti, and constitute a cheap loan to sellers.

In practice, it is believed that about half are held by the Ministry of Finance.

Interest rates

The instruction to the com-mercial banks to limit over-drafts and make loans for specific purposes only ignored the fact that their directors have regarded the institutions: partly as a source of credit for

The Government has set its stability in the region and, in face against raising the ceiling this score spring from both the religious taboos about usury and a paternalistic concern for less affluent tradesmen and citizens. However, Kuwait is out of line with the rest of the world and will continue to feel the strain until interest rates fall else-

> For a state that looks upon money as a source of income and has so much skill in handling its own investments, there: may appear to be, and probably is, an inconsistency in its attitude towards the liquidity

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lesson from it is that Kuwait is part of a wider global system and can hardly insulate itself from the wider world. In the same context the Govern-ment (which has at its disposal up to \$40bn in foreign assets) might ponder the effect that an ever-escalating oil price might have on its investments . has shown no signs of doing so. Beyond that, the whole affair, has served to emphasise the extent to which this small State

Richard Johns

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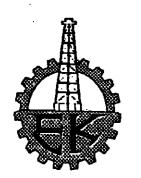
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Awash with money

and the 18-member Cabinet. Five members were chosen including seven members of from ten constituencies under the ruling family holding all a system open to manipulation the portfolios, except finance, appointed earlier this month a committee to revise the constitution and prepare the way for the restoration of the National Assembly.

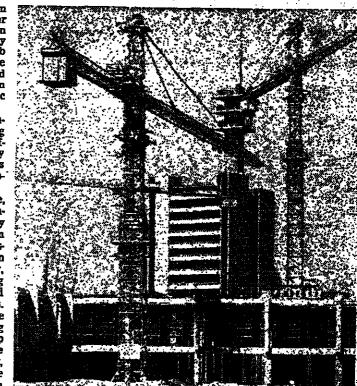
The 50-man body has six months to submit its recommendations so making it technically possible to meet the deadline set for re-establishing the Legislature on a new basis. Kuwait's fourth Parliament was suspended mainly because of its perverse way in which it blocked important pieces of legislation and—more embarrassingly—its intrusions into foreign affairs, particularly the government's attitude towards Egyptian-Israeli disengagement agreement with Israel and the ebanese civil war.

Kuwait has a long tradition of consultation between rulers and ruled. Pressure for the re-storation of the Parliament has club, chosen by electors from a dependent total roll of only 60,000 male make up "first class" citizens—meaning manpower. those alive or descended from The demographic problem is families resident in Kuwait in an intractable social one that those alive or descended from

and influence. There were only three members of the Arab Nationalist Movement in the last Parliament but they could rally the support of a dozen or more others on specific

The conservative-minded committee will consider lowering the voting age and female suf-frage. The intention certainly is to curb the Assembly's powers to hold up legislation. The progressives fear other curbs.

Whatever changes are made, no one contemplates representation for Arab expatriates, many of whom have been residing in Kuwait for years and are Palestinians with no home to return to but cannot own property, have a lower standard of living than Kuwaiti equivalents and enjoy inferior social benefits. There has been talk, but there is little possibility of extending even "second-class" citizenship been growing. The old National beyond the present minute Assembly was a lively body but quota limits. If anything, something of a small exclusive Kuwait will become more dependent on foreigners which



New building complex for Government ministries under construction in Kuwait city

المكالية المالية

Plans to modernise and expand oil refineries

KUWAIT HAS somehow managed to maintain a reputation in the industrialised world as one of the moderate members of OPEC while at the same time pursuing oil policies that often seem more radical than those of the so-called "radicals" in the

In 1979, Kuwait kicked off the "surcharge" system that led to the leapfrogging price rises during the first and second quarters of the year, it initiated the October price rise that led to the destruction of the OPEC price ceiling of \$23.50 set at the mid-year meeting and it recently angered Saudi Arabia by adding another \$2 to its prices shortly after the Saudis had done the same thing in an effort to reunify the OPEC pricing structure.

Last year, Kuwait sold as much as 600 to 700,000 tons a month of its heavy, sulphurous crude oil, or 7.5 per cent of its production, on the much maligned spot market for prices as high as \$42 a barrel. To stop its contractural customers from doing the same, it slapped an \$8 a barrel premium on oil it suspected they would sell at spot. In order to satisfy the world's desperate demand for crude and to take advantage of the high spot prices Kuwait produced an average of 2.2m barrels a day. 10 per cent above its 2m b/d production ceiling.

Kuwait was the first OPEC member to set a ceiling on pro-regard to other things . . . duction, in effect warning the somebody may present industrialised world that it refinery that is in a good posi-would produce according to its tion, somebody may present needs, not theirs. The present an exploration programme... ceiling will be lowered 25 per somebody may present somecent to 1.5m b/d on April 1. thing that is completely off oil As part of this, the contractural but which would interest the amounts of Shell. BP and Gulf, State of Kuwait (but), there totalling 1.3 to 1.4m b/d, may has to be an added advantage

be halved or cut even lower. While Kuwait has been busy planning its production decrease. that OPEC voted for in 1979, an it has been planning also an average of 10 per cent for the extensive exploration pro- year but phased in over the gramme to increase its reserves four quarters, now seems minuwhich it says will already last a scule. Kuwait's January 1 price century at the 1.5m b/d produc-

Finished products

The country is modernising and expanding its refineries so that by 1984 it will be able to sell about half its rude as finished products and reap the extra profits thereof. It now uses or processes for export all the gas associated with its crude production and has already paid for its \$1bn LPG plant, which many in the industry thought would be a white elephant, after only one year of operation.

By 1984, Kuwaiti tankers, the largest Arab tanker fleet, will be carrying more than 45 per cent of Kuwait's crude production for export, about 60 per cent of its refined products and about 50 per cent of its export

Kuwait was one of the early OPEC members to nationalise its oil industry and last year completed that process by getting Shell to relinquish the con-cession it had for offshore Kuwait and by buying up the remaining shares in the Kuwait Oil Tankers Co. that were still in private hands.

Although Japan's Arabian Oil Co.. the concessionaire in the offshore neutral zone that Kuwait shares with Saudi Arabia, has not yet teen 100 per cent nationalised, Kuwait last year stopped selling back its equity crude to the company and began marketing the 120,000

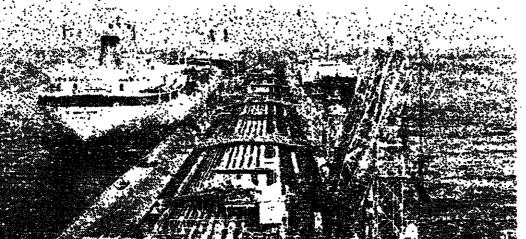
b/d by itself.

AOC is understandably worried about its future and probably the only thing holding the Kuwaitis back from completing the nationalisation of its 50 per cent share in the concession area is that this must be done in consultation with Saudi Arabia. which has not yet nationalised any of its share in the conces-

Although for years there has heen lip service given in the Gulf to the idea of setting up area in order to avoid unprofitable, overlapping projects, it was Kuwait and Babrain last year that went ahead and did so, when they incorporated the Bahrain-Kuwait Petrochemical Industries at Bahrain to produce methanol and ammonia.

Kuwait apparently is planning more of such projects since the Kuwait oil minister. Sheikh Khalifa al-Sabah has said that the recent reorganisation of the oil sector under one umbrelia corporation was to "rationalise the oil sector . . to create a stronger organisation, both financially and administratively. to expand abroad and find good investment opportunities

The reorganisation of the oil sector was one of Mr. Abdel Muttaleb al-Kajim's pet projects. a scheme the former oil mini-ster, who was not a member of the royal family as Sheikh Ali Khalifa's is, reportedly could not carry out because entrenched powers in the disparate oil com-panies feared the loss of their sinecures and resisted. Now. the companies—Kuwait National Petroleum, Kuwalt Oil, Petro-chemical Industries and the Kuwait Oil Tankers - have merged into the Kuwait Petroform corporation: and their actuality the saudis were sening duce about 2.2m tons a year at often overlapping functions the benchmark crude, their own a crude production rate of 1.5m separated into a refining division, a production and exploration division, a transportation to \$15 a barrel. This brought the Ahmadi refinery produces the Ahmadi refinery produces about 1.5m tons a year. Contract



Tankers loading crude oil at the North Pier at Mina al Ahmadi, Kuwait

Also included is a separate marketing division, a function that was performed by the oil The streamlined corporation is capitalised KD 1bn, or about \$3.7bn.

Kuwait is apparently now set to fully exploit its oil sector. Sheikh Ali Khalifa said customers are waiting in line to buy Kuwait crude but now "customers will not just come in, pick up their barrels and pay the OPEC official price. They must make it interesting in

for Kuwait somehow." In hindsight, the price rise for its 31 API crude was \$12.83 a barrel, a 4.6 per cent rise over its official December, 1978, price. This was less than the 5 per OPEC-wide agreement because the organisation was trying to encourage customers to buy more heavy crudes and

fast depleting light crudes. Ruwait production was averaging 2.3m b/d and representatives of companies and governments who found themselves crude-short because of reunify the OPEC pricing struc-crisis in Iran were tramping ture raised its price to \$26—the through the Kuwait Oil Ministry. price many OPEC members.

begging for supplies. Kuwait agreed to sell BP and Shell an extra 50,000 b/d for the year to help them out but stipulated that the companies would not enjoy their usual dis-counts—15 cents less per barrel for BP and an extra 15 days credit for Shell-on the additional amount and would have to carry it in Kuwait tankers

using Kuwaiti bunker fuel.
Gulf rejected the offer as too exhorbitant. As Kuwait's prices escalated over the year, the price for this supplemental crude soared and BP eventually backed out entirely.

In late January the spot price of Kuwait crude was about \$16.50: by early February it was \$18, and by late that month it

Premium added

In mid-February Abu Dhabi and Qatar added an average of \$1 to their crude prices, ex-plaining that this was a premium for the high quality of their light, low-sulphur crudes. On February 21 Libya, which also produces a light, low-sulphur crude, added a 68 cent

On February 26 Kuwait notified its customers that it was adding an extra \$1.20 to its price, not for the quality of its crude, which is very low, but as a "surcharge" to reflect the scarcity of crude. The surcharge was necessary, it was

premium.

said, because the oil companies were profiting handsomely during the tight market conditions from OPEC's "reasonableness" in pricing.
When the rest of OPEC, ex-

cluding Saudi Arabia, leaped on the surcharge bandwagon, with varying amounts, it was decided to call an OPEC "consultative" meeting in March to discuss the situation. The meeting voted to bring forward the originally agreed upon fourth quarter prices to the second quarter and left members free to impose whatever surcharges they deemed "profitable in the light of their own circumstances."

meeting Kuwait's price included a surcharge of \$2.40, for a total of \$16.40 a bartel, and it had warned its customers that it had added a "most favoured seller's clause" to its contracts so that if it chose, it could automatically add a surcharge as high as any within OPEC, which at the time was Libya's \$5.31. By mid-year the Government was selling crude at spot for \$31.75 a barrel.

a theoretical benchmark price ket.
of \$20 a barrel, although in Th leum Corporation" and their actuality the Saudis were selling duce about 2.2m tons a year at

division and a petrochemical barrel, which is \$20 less the division. at purchasing the extra quantibetween Kuwaiti crude and the

benchmark. This prevailed until October. when Kuwait raised its price another \$1.94 to \$21.43. This was the increase that sparked the destruction of the \$23.50 price ceiling set in June. Sabah said he had done it to restore the traditional differentials in the Gulf area since the spread between Kuwait 31 API and franian 34 API and Kirkuk API had become much greater than the traditional 60

At the end of December, after the Saudis refused at the regular December OPEC meeting to raise their prices any higher than 24 dollars and after OPEC failed to come up with a unified price, Kuwait added another S4.07 to its price, retroactive to November 1. This brought Kuwait to \$25.50 a barrel, a price reflecting a theoretical benchmark of \$26 At least one of its customers. Pontoil of Genoa balked at the retroactive increase and refused to pay up It was already paying an \$8 a

of the 100,000 b d it lifted. Kuwait cut Pontoil's supplies at the end of December for non payment and later announced it was cutting them because it was Pontoil that sold the Kuwziti cargo to Shell. This oil was allegedly later pirated and start steering away from the unloaded in South Africa.

Late last month Kuwait added another \$2 to its price. bringing it to \$27.50, right after Saudi Arabia, in an attempt to including Kuwait, had based

Closing the gap

Sheikh Ali Khalifa explained he had added the \$2 to his price not to frustrate the Saudis attempt to reunify OPEC prices. but to close the gap between his price and that of the North Africans and Iran.

At one time, the Gulf producers set their prices against each other and left the North Africans to go their own way but this apparently is over.

Kuwait last year apparently

pushed the 200,000 b/d designcapacity of its ultra-modern refinery at Shueiba even higher to take advantage of high product prices.

Sabah said the old Aminoil refinery at Mena Abdulla, which has a capacity of 140,000 b/d. ran at about 80.000 b/d and it appears that the old KOC refinery at Ahmadi, which has a capacity of about 250,000 b/d. ran at 200,000 b/d or lower because, reportedly, its crude was often diverted to the spot market.

No figures are available for 1979 but in 1978 about 48 per cent of Kuwait's refined pro ducts went to Asia and the Far East, mostly to Japan, about 22 per cent to the Arab World, mostly to the Gulf and about 19 per cent to Western Europe mostly to Italy.

A tender is to be issued in March for the updating of the KOC refinery by 1983 at an esti-mated cost of \$500m to \$600m and a contract, for KD 7.5m, is about to be awarded for work on the refinery to increase its output of gasoline for the local market. Plans are underway to expand the Mena Abdulla refinery from a capacity of 140,000 b/d to 250,000 b/d, to be completed by 1984. This means that by 1984 Kuwait should have a refining capacity of 700 to 750,000 b/d, or half its production.

deemed "profitable in the light of their own circumstances."

By June the regular OPEC Olefins projects in favour of meeting Kuwait's price included these refinery projects and overseas joint ventures such as the one with Bahrain, which will produce 1,000 tons a day of methanol and 1,000 tons a

day of ammonia
LPG prices skyrocketed during 1979 beginning with \$125.50 for propene and \$115 for Butane and reaching \$276 for propane and \$332 for butane by January I this year Eight customers 1, this year. Eight customers have now entered into long-term The June OPEC meeting set contracts to buy a total of 1.89m tons a year of Kuwait's LPG. mostly for the Japanese mar-

The new LPG plant will pro-

to tie crude contracts to use of Kuwaiti tankers because customers are "willing to oblige" now, Sabah said.

Kuwait now has two rigs working in an attempt to find hydrocarbons in the Khuff zone, strata about 20,000 feet down where Saudi Arabia and Iran have made gas finds. Its second attempt to reach these strata, egun early in 1979 after the first well exploded in the summer of 1978, also failed when the well's casing cracked in late October. The two new rigs began drilling in December. A field with 17 to 18 API crude at about 700 feet will be

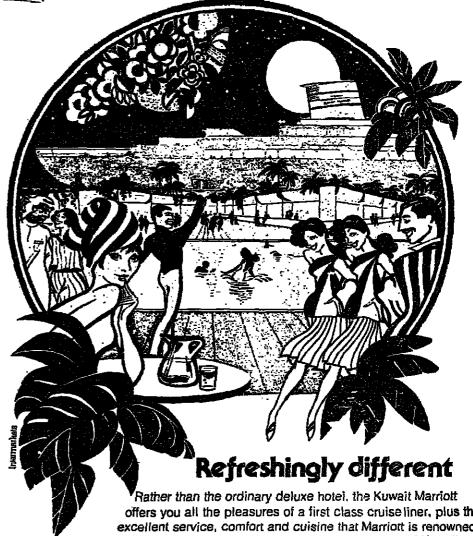
examined this year to determine how big it is. A field discovered several years ago in North Kuwait is being developed with the construction of a 30,000 b/d gathering centre under way.

Sabah says a seismic survey is being done of all Kuwait and joint exploration effort with Because Kuwait is now proces-Getty Oil Company is underway sing much of its associated gas in the neutral partitioned zone Much of the above activity Kuwait can probably be used to run the local power stations and water distillation attributed to Kuwait's young oil sulphur fuel oil, which will be produced at the updated Ahmadi

minister. According to the Wall Street Journal, he is trying to replace the Saudi Oil Minister. Ahmed Zaki Yamani as the Arab voice within OPEC.

Expansion of the Kuwaiti tanker fleet is proceeding apace with four 80,000 dwt crude car-riers under construction in Last year, he made several suggestions at international meetings, such as the one that OPEC should halve its production in the future, that caught Canal and four product carriers the headlines and he can probably be counted on to do Sabah says that the plan to the same thing this year. He buy eight product carriers, six may not have replaced Sheikh Yamani, and he says he has no chased, has been expanded to intention to, but he is certainly nine or ten and a committee is assuming star status.

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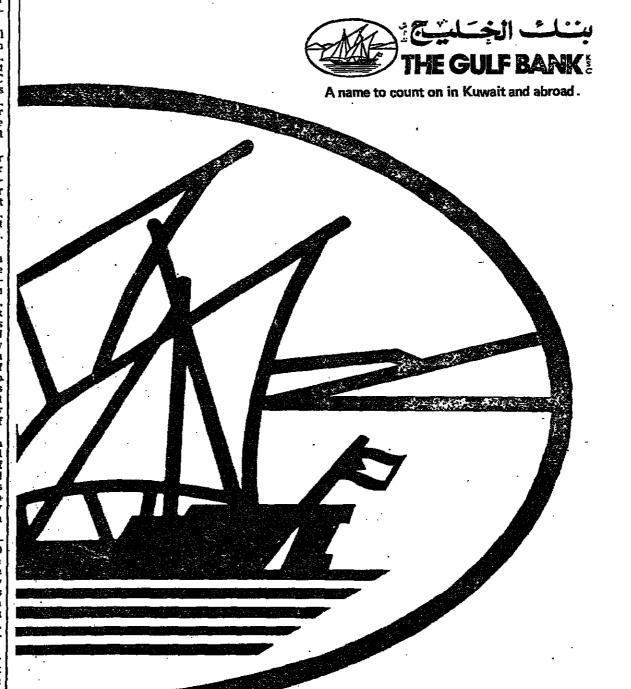
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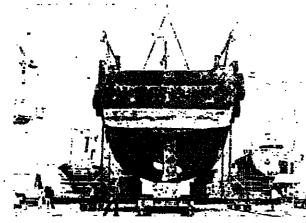
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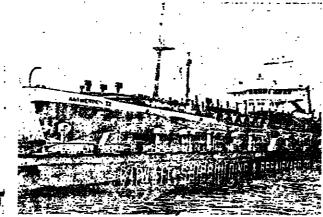
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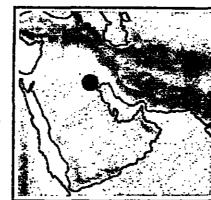
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Bond market declines in adverse conditions

ON A first route march organised of enforced rest. in 1976, an infantry battalion of the Kuwait Army marched out into the desert at dawn. and made camp at noon, after an excellent start.

But when a seconded British Army officer suggested the distribution of rations, he was told there were none. Their troops being bedouin, the officers had presumed that they would bring their own food. They had not and the exercise had to be hastily abandoned.

Kuwait's investment bankers should be hoping that the about-turn in their bond market during 1979 will not end up looking like another version of the same mistake.

Ranks of Euromarket borrowers, banks and lawyers were brought to Kuwait in the first three quarters of 1979 as the rapid progress of its bond market in 1978 was taken further. Within the first nine months alone, 11 issues had appeared worth KD 98m as against 15 issues for KD 122m in the whole

But the Kuwaitis had nothing to offer these participants in terms of potential international demand for the paper. They seem to have assumed that the Western banks would bring their own placing power. In the event none could discover any real demand for KD bonds outside the Gulf and the market beat a less than orderly retreat.

New issues

It was not, though, a sudden retreat. It gradually overcame the market as the months of went by with no sign of relief from the inverse yield curve and with a continuing stream of new issues. It happened because, with little or no KD demand from their clients, the Western banks in the management groups grew ever readier to ditch their allotments in the secondary market
—far readier than Kuwait's domestic investors, it seems, and this was the measure of the market's penalty for seeking an international status.

In the weeks which preceded last year's October support package for the dollar, secondary market trading knocked 3 to 4 per cent of the value of some new KD bonds within hours of their issue. Early in November, dental Petroleum's financing a proposed bond issue for Petro-subsidiary raised KD 7m, last bras, the Brazilian state-owned oil company, had to be with-drawn before adverse market two Scandinavian, two Finnish conditions. And the primary market has since been confined to barracks, by order of the Central Bank.

further bond issues as part of sation last year which gave 10 kets for other fixed interest sideration of other currencies its campaign late in 1979 to alleper cent holdings each to three securities, both domestic and for Kuwait must concern its viate the severe illiquidity of new share holders (Al Ahli international are being reapthe Kuwaiti money market. It Bank, Burgan Bank and the praised too. was almost as an incidental Commercial Bank of Kuwait), aspect of this measure that the leaving the Industrial Bank of encouraged by the fact that

struggled on The Kuwaiti dinar's dollar value has changed very little since the first KD bond in 1974, despite the dollar's huge depreciation against other currencies. Prospective dollar borrowers would therefore have been happy to continue tapping the Kuwaiti market with coupons as low as 71 per cent — for the Norges Kommunalbank in April-at a time when the Eurodollar bond market was either shut alto-At the same time, the Kuwaiti

banks seemed prepared to take greater underwriting risks than partly, it must be said, because their different priorities set much store by the prestige of a KD bond market and partly because of their heavy influence over the management of

Kuwait's capital funds. Such enthusiasm has a price Inventories of unplaced KD bonds accumulated by the banks in 1979 have yielded significantly less to date than their funding costs. And the dissatisfaction of some Euromarket bankers over this was reflected in 1979 by a growing unease amongst many borrowers as one new issue after another slumped in the

After signing off a new issue, a number of financial officers in 1979 left Kuwait a little unclear about the background to this price change but clear enough that all had not passed quite as smoothly as the hos-pitality of their Kuwait hosts. Whether the moratorium on

new bonds fell in time to save the market from itself remains Mr. Hikmat Nashashibi, the

general manager of Kuwait International Investment Company (KHC) and one of Kuwait's most resourceful bankers, is confident of the KD bond's revival.

which include a range of maturities stretching to 15 years (for the CCCE, guaranteed by France with a coupon of 8 per cent last August), and 1979. a range of credits encompassing one U.S. corporation (Occi-May) and no fewer than eight

of which KD 2m has been paid

In 1978, ACTS made a 20 percent return on its capital. In 1979, its daily turnover declined — aggregate turnover for 1979 was KD 94m — and it made losses which have yet to be announced. But as the chief mainstay of the secondary market for KD bonds, ACTS was generally able to maintain and offered. Nashashibi gether or offering secondary finds this encouraging, as also market yields over 91 per cent. the fact that most bond prices fell only 4 per cent to 5 per cent over a period during which short-term KD rates fluctuated is normal in the Euromarkets- from 51 per cent to as high as

Natural supply

But even its strongest advocates do not see a revived Kuwaiti bond market until interest rates move much lower internationally, liquidity returns to the Kuwaiti money market and a normal yield curve resumes. Until then, domestic investors will find KD deposit rates more attractive than bonds and those without a natural supply of KDs will lose money funding KD bond purchases. Only sharply higher terms for new bond issues could change this—and these would not be acceptable to the sort of borrowers now welcomed in Kuwait.

In the longer-term, the future of the dinar capital market must depend very largely on the extent to which the dinar is allowed to become an international currency. In 1979, 12 KD bond issues raised KD 104m—probably 80 per cent of this paper stayed in Kuwait, with as much as 15 per cent going a handful of institutions in Abu Dhabi and Saudi Arabia.

But the effective arbiter of such a development can only be the government—and there ond's revival. is no sign yet of any change in He points to the real achieve its long-standing antipathy toments of the market to date, wards an international role for the dinar. Even an extension of the dinar market to embrace Bahrain's OBU sector was cur-

ment banks. But there are alternative developments to the bond Triple A credits: three French, impeded by the Government's Middle Eastern investors, intwo Scandinavian, two Finnish policy towards the dinar. A cluding some of the OPEC cenard one Japanese.

KIIC still owns 58 per cent ties, the idea of a regional stock Further steps in this direction. of the shares of the Arab Com- market in Kuwait and plans for by KUC or its competitors will pany for Trading Securities mutual funds are all being ac be watched with interest.

(ACTS) after a capital reorganitively discussed. And the mare But inevitably any

This course ought to be bond market was given a period Kuwait with 12 per cent. Its Kuwait's own

anthorised share capital was in- investors now have wider, and It might otherwise have creased from KD Im to KD 3m, more sophisticated tastes. The Public Institution for Social Security, the Kuwaif and Arab funds for social and economic development and the other major domestic investors have turned increasingly in 1979 to a range of deposits, syndicated

loans and private placements at home and overseas.

But in this context also, the experiences of 1979 have not been particularly happy. There has been no real follow-up to the new corporate debt instruments seen in 1978—the promissory notes on behalf of Yousuf Al Chamim, the General Motors agent, and the floating rate credits for Al Salhia, the real estate company. No market has developed in Central Bank

And above all the market for certificates of deposit has not lived up to its promise of a year ago. CDs outstanding at the end of 1979 totalled KD 21.6m, against approxim-ately KD 70m at the end of 1978. A liquid secondary mar-ket has not developed, while available yields have fallen well below bid rates in the deposit market.

The paradox of these dis appointments co-existing with the development of Kuwait's in-stitutional investors can probably be fully resolved only by reference to the undoubtedly large exodus of surplus funds to overseas markets. Other ex-planations include the innate conservatism of Kuwait's financial sector, a failure of the educational process within it and a continuing preference for confidential transactions away from the glare of a market

Attitudes

One implication of these failures is that Kuwait continues to suffer the lack of an efficient money market. And this, no less than Governmental attitudes to the currency, must limit the dinar's role as an inter-

कृत्यम

;auri

national currency.
Finally, what of Kuwait's future as a capital market for other currencies?

Bahrain's OBU sector was curtailed by the government in 1979.

This has been a growing dilemma for Kuwait's invest-the KD in being based upon the principle of a currency basket and there are recent signs of a market which ought to be less new interest in SDRs among

Duncan Campbell-Smith

Shortage of liquid funds a problem for banks

huge foreign assets—still with a Central officials more commonly ratio to the domestic money address themselves to economic supply which is very high, even or religious arguments which in relation to the other OPEC they see as tending to the same nations-but rests on the basis end

Its parity with other currencies is subject to arbitrary higher interest rates would change by the Government, only have an inflationary effect though such changes have been upon Kuwait's economy. And sensibly avoided to encourage 10 per cent is held to be the sensibly avoided to encourage foreign participation in the foreign participation in the frontier rate beyond which economy. And the rate of interest charges would become growth in the dinar money an affront to Islamic supply is overwhelmingly dicsensitivities. tated by the levels of net Government domestic expendi-

Above all, central policies affecting the availability of dinars to Kuwait's citizens and nstitutions are readily identifiable as in few other economies with the Government's willingness—or otherwise—to see these parties reap immediate financial gain from the singular capital wealth of the country.

The importance of this domestic political strain in of course, affected the growth Kuwait's banking life tran- and profitability of the banking scends even that other political factor which has drawn so much international comment since the Iranian revolution—namely, the stimulant to the exodus of surplus capital provided by the cent on KD loans for less than current instability of the Gulf 12 months have prompted a

More - critical than this, because more structurally important, has been the Central Bank's continued imposition of ceiling interest rates.

The availability of loans at 71-10 per cent while Eurodokar rates have yielded 14-15 per cent has been the key expression of the Kuwaitis' attitude to fachities (up 50.37 per cent) their funny money and has rendered Kuwait's foreign exchange market one of the around 130 per cent as against change market one of the around 130 per cent as against rope to be found in the Middle of 1978. Fact since 1973.

motives for this conduct of via

IN A SENSE, as one central banker commented recently, the Kuwaiti dinar is "funny money." It has the backing of huge foreign assets—still with a central officials more commonly alone, private deposits beld in their general remarks.

The Government, for example, The artificial rate structure has dominated the last 12

months for Kuwait's commercial banks. It has largely deter-mined the money market background to their operations. It has restricted the Central Bank's control over lending policy, forcing the banks themselves to accept increasing responsibility for the influence of their lending on Kuwait's money supply and the development of its economy and, thirdly, it has,

High demand

Interest rates of 7½8½ per continuing high loan demand in Kuwait. Between November, 1978, and November, 1979, according to Hikmat Nuwayhid of the Industrial Bank of Kuwait customers deposits with the banks increased by only 18.56 per cent.

Nevertheless, the banks met longer-running emporia for old around 85 per cent at the end

There is little doubt that a The social and political large patt of these loans passed the foreign exchange

foreign currencies in Kuwait rose by 28 per cent. The Central Bank has identi-

fied various sources of KD sales other than arbitrage operations and bas criticised the formation of heavily-capitalised offshore investment companies as a further drain on KD liquidity. But measures to counteract all these factors were introduced last November. Today, the loans to deposits ratio remains around 130 per cent and arbitrage continues.

Not surprisingly, the money markets have suffered a period of chronic illiquidity. Short-term interest rates have fluctuated widely between 5 per cent and 12 per cent, with overnight money occasionally proving difficult to purchase at any price, though such conditions have been alleviated by discounting and swap operations carried out by the Central

The operations of Bahrain's OBUs have occasionally been blamed for part of this illiquidity. But there is no evidence of their having borrowed KDs in any significant amounts for conversion into other currencies, which is the only way in which the charge could be justified.

In fact, the flow of dinars between Kuwait and Bahrain was by its very nature two-way. Steps taken by the Kuwaitis in 1979 to curtail this activity by a fear of Bahrain becoming a more efficient dinar centre than Knwait itself. Penalties now attached by Kuwait to KD halted their growing purchases Some limited progress had of KD certificates of deposit and been made on both fronts,

have caused some ill-feeling. The shortage of liquid funds in Kuwait has caused real problems for some of the banks Whether or not it has caused problems for commerce and industry, is a matter of some dispute. The Minister of Finance, Mr. Abdel-Rahman Al-Ateeqi, insists not and it does seem clear that the illiquidity has been largely confined to the money market, with funds rarely being unavailable for other, more general sectors of the economy. But there has been one other victim of the illiquidity: the Central Bank

Secondary market

In 1978, surplus liquidity was the problem in Kuwait. The bank decided to issue bills as a remedy. By the time the bills appeared, the problem had aiready reversed itself. No secondary market has developed —with yields at 5 or 6 per cent. the bills are not attractive to the finance companies, though they can help the banks because of liquidity considerations—and it is therefore not practical for the bank to inject money into repurchases

Since it cannot raise interest rates either, the present illiquidity in Kuwait has served to draw attention to the limited arsenal of monetary tools available to the bank for control of the monetary sector.

The bank has had to resort instead to unofficial pressure. In particular, the bankers have been arged to switch from oversuggest that their criticism of drafts to term loans and, it was to some extent motivated secondly, to monitor the purposes of their loans more closely. Prospective borrowers intending to finance speculation should be refused in favour of deposits in Bahrain have much those intending to invest in pro-reduced the role of the OBUs ductive sectors of Kuwait's in the KD lending market, have economy.

CONTINUED ON FACING PAGE

U-AMOUNTA !

Stock exchange among most dynamic in world

FROM THE outside; it looks no different from any other grubby part of the Souq in Kuwait city. Only the words "Commercial Centre" (with a few letters missing) indicate the entrance to one of the world's most dynamic stock markets-that of

the Knwait Stock Exchange, Housed, at present, in what was formerly the storage basement rooms of shops upstairs, this underground institution is where fortunes are made-and lost-by Kuwaitis, ranging from the richest merchant to a ambitious Government employee and even university students.

"Almost every family in "Almost every family in Kuwait is a sharcholder of some kind and plays the markets," commented Abdul Hamid Mazidi, one of Kuwait's leading stockbrokers. "I don't approve of the students coming onto the exchange, but then, what can you do to stop it?"

At the more experienced level, the Kuwaiti stock holder is amongst the world's most sophisticated, accustomed to perusing Tokyo or New York share prices in his leisure. However, on the Kuwait stock exchange, located as it is in a 'surplus" state, which boasts the highest per capita income in the world, the returns can be as great as anywhere.

If, for example, one happened to have the fortune to be born a Kuwaiti and the sense to invest in one of the KD 7.5 shares which were issued for the Kuwait Insurance company. back in 1960, then the value of that share today is roughly KD 3,700-which works out at around 35.000 per cent profitthat is without the dividends and bonus shares issued by the company.

Millionaires

Not surprisingly, then, there are some 15,000-18,000 people who own shares on the Kuwait stock exchange. Of these, some 300-400 are active regular traders all of which are at least sterling millionaires. More than half of the shareholders of Kuwaiti stock are women, as families parcel out as many stocks as they can obtain. Others inherit their shares or are given them as presents, but rarely, if ever are there lady stockholders to be seen on the floor of the The Kuwait market is the

eighth in the world, as regards the value of turnover, ranking after Johannesburg.

Total market value stood at of last year. At times, in one day, some KD 45m worth of shares may change hands on this exchange, and a RD 1m share transaction is nothing out of the ordinary.

The Kuwait market is as yet small—there are only 39 companies listed, many of them partially Government-owned. Other companies are Govern- the most eventful in the 24-year tions which was slapped on in



section of the Kuwait Stock Exchange. Tenders will soon be sought for the construction of a new multi-storey Exchange building.

ticularly in the bank shares.

in June, however, the Govern-ment bought up the remaining shares in the Kuwait Oil Tanker Company at 50 per cent above the then-market price,

thus releasing some KD 50m in

extra liquidity into the market.

and generating a flurry of trading on the exchange. By the summer also, many Kuwaitis felt that sterling, and

to a lesser extent the dollar,

had peaked and funds came

trickling back. However, the

major summer flurry was the onslaught of Gulf companies

which were established at that

The Gulf public shareholding

companies were not new to the Kuwaiti investor, for back in

1977 two members of the ruling

family, together with the ruler of Sharjah, Sheikh Sultan and

Sharjah Group, an investment

company registered in the Emirate of Sharjah in the

subscribed heavily to the flota-

tion of the new company and

there were moves to have the group quoted on the Kuwait

Stock Exchange, However, such

a development would have represented a radical departure

from previous policies, for until

now, only Kuwaiti nationals are

allowed to buy and sell shares

on it. The group's promoters did, in fact, receive a licence

to sell shares to the public, but

arablems accurred when the

founders themselves attempted

to retain their shares for a

minimum of three years. Con-

decided to take advantage of

offered by nearby Bahrain. They

were prevented from setting up

similar public companies in

their own home territory be-cause of an embargo on the

jah group were forbidden.

Sharjah Group

ment-controlled, such as the bus company and Kuwait Flour part of the year was marked by Mills, with the organisation's a high level of activity and product supervised in its price good volumes of trading, parstructure by the state. In such ventures, no "profit" is in fact made, only that which comes directly out of the Government's coffers.

Going public has yet to attract the big trading names in Kuwait, though this does not mean that the possibility has not been considered. One of the largest groups felt that it was possible that parts of the company could be parcelled off to the public, but anything beyond that would only act as an enormous sponge on the liquidity.

"If some of the large Kuwait companies went totally public, we would have a liquidity problem of a monumental size." said one. It was possible, though, that a dozen or so companies could go partially public, for owners were beginning to realise that going public does not necessarily mean losing control.

Servicing the needs of the investors are some 17 operating stockbrokers, some of which consist merely of one manager, book-keeper and a coffee boy. However, unlike the London stock exchange, the broker merely acts as a middle man. and does not accept any liability or guarantee on behalf of clients. For putting buyer and seller together, he receives a commission of two fils for each share traded from each side, a rate which they feel is grossly under-priced.

There is no formal association of stockbrokers, though a draft code of conduct has been drawn up. Indeed, the whole exchange operates so far with-out the benefit of an Emiri decree licensing it is an official exchange. The market has, in fact.

grown up over the last 20 years or more, but was only formalised four years ago with the creation of a securities committee following a ministerial decree from the Ministry of Commerce and Industry. Share prices are high by

international standards, particu-larly in relation to profits and asset values. (On some of the bank stocks, the share price is 90 times the earnings.)

Last year was perhaps one of establishment of such organisa-

1977, when the Kuwait market went through a slowdown.

However, the Bahrain facility offered other advantages, namely it allowed the companies to have a wider and more flex-ible range of activity than was permitted under Kuwaiti law, which tended to detail and

restrict the scope of ventures. The Bahrain offshore companies, which are almost excluowned by Kuwaitis, include the Lulwa Investment company and Gulf Investment These are both backed by first class names in Kuwait. The establishment of these ventures generated a flood of new share companies again in the UAE. However, unlike their Bahrain counterparts, the UAE companies promised investment in such fields as private hospitals. poultry farming and cement manufacture.

This flood of new companies produced an avalanche of share applications, on occasions several thousand times more than the number of shares available. The Gulf Investment Company, a Bahrain-exemnt venture, offered \$25m worth of shares to the public at \$1 each, and very quickly the shares were being traded at \$5.

During this period, there was record trading on the Kuwait market itself, with around KD 500m worth of dealings being traded during the month of July alone - representing almost one-third of what had been traded in the whole of the previous year. All in all, there are now some 15 off-shore Gulf companies on the market.

A number of these companies established offices in Kuwait, and though barred from dealing a number of prominent on the exchange, brokers and Kuwaiti merchants, created the even money exchangers were busy buying and selling their shares in an unofficial way.

However, in October, the United Arah Emirates, Kuwaitis Government moved in to stop the trading in these non-Kuwaiti ventures, and told their representatives that they could only trade their stocks in their home states.

In the case of the UAE companies, officials pointed out that not only were they not governed by any company law of any kind. but also that they were only recognised by Sharjah, and not by UAE federal law.

The "raids" on the Gulf companies do not appear to have prevented dealing in their shares, however. Owing to a lack of follow up, many of their offices are, in fact, still open in to sell their own shares. Under Kuwaiti law, the founders have Kuwait, disguised in new legal sequently, dealings in the Sharforms as "liaison" offices and trading is still continuing. As This was the situation until one stockbroker put it: last summer, when a number of look legal, but really they are prominent Kuwaiti merchants circumventing the law

The Ministry of Commerce appear to be overlooking these the offshore companies facility developments and the shares of the Gulf companies are attractinterest" from local Kuwaiti investors, say brokers.

Kathleen Bishtawi

Learning just one Arabic word may be all you need to succeed in the Middle East



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Half-a-dozen ways in which Kuwait investment company keeps on growing.

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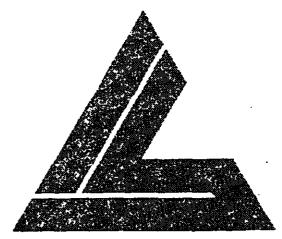
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Problem for banks CONTINUED FROM PREVIOUS PAGE

instances upon the size and strength of the bank and the But it seems a tall order. Con-

relations in Kuwait as any other particular importance in Kuwaiti, it seem unlikely that any such informal approach by

individual economy was a principal motive oon the size and for the founding of specialised the bank and the banks like the Industrial Bank of the client of Kuwait (IBK). Their prorather than pressure on the sidering the nature of business established banks has been the more fruitful expression of a Arab city, the complex family political will to translate lies and social stratification (of Kuwait's mineral wealth into a varied, modern economy.

IBK, in particular, founded to provide long term loans for in-dustrial projects and equity any such informal approach of the banks could really provide a successful basis for this sort of control.

Unlaine the bank sector to several areas and has this month approached a doubling of its

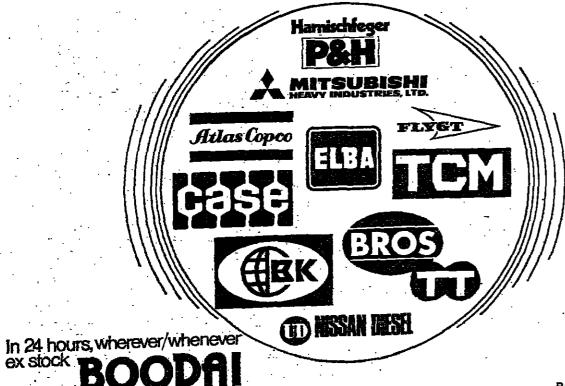
international environment and assets. the artificial domestic rate structure, finally, have been reflected gress, to date, suggests that this in the growth and profitability of the banks. Until 1976, the net foreign

mercial banks exceeded the latter's claims upon the private sector. The changed pattern of third rights issues in four years banking in Kuwait over the last decade has seen this ratio reversed since then. Lest year, the supply and of the drain upon it expansion in the volume of

The strain of the unfavourable 161 per cent of net foreign

Led on by this domestic activity, the remarkable growth of the commercial hanks consolidated balance sheet continued in 1979. It has led to assets of the Central and comregular calls by the banks upon
their shareholders for more capital-Gulf Bank and Ahli Bank recently announced their constituted by private capital transfers.

concentrate more upon the real announced a doubling of its investment needs of the Kuwaiti authorised capital to KD 20m. vate sector up to no less than



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Substantial aid for the Third World

still fewer countries which are still developing rapidly—can match the record which Kuwait has established over the past

Even before full independence was achieved in 1961, Kuwait was involved, through the general authority for the Gulf and Southern Arabia, in channelling health and educational assistance to the poorer states in the lower Gulf.

The authority still exists and has extended its operations to the two Yemens, Oman and Bahrain, as well as to the smaller emirates of the United Arab Emirates. Its disburse-ments on schools, hospitals, clinics, teacher training institutes and the University of Sanaa have been running at KD 12m (\$44m) for the past two or three years, paid for out of the general budget.

The Kuwait Government disburses considerable largesse directly to a number of other governments and causes from its general revenues. Details of and totals are difficult to assess.

Relatively routine payments of this kind within the past few months have included a \$20m contribution to the Palestinians.

finances and a \$5m grant to Yet these efforts, substantial though they have been, have

probably made less impact than the country's formal development aid programme, administered since 1961 by the Kuwait Fund for Arab Economic Development (KFAED). Total cumulative commit-

according to its director-general and principal architect, Mr. Abdlatif al-Hamad.

In the past five years, the fund has broadened its scope from the original handful of eight or nine poorer Arab states to include virtually all the developing world.

Far and wide

At the last count, it was helping no fewer than 57 countries in the Middle East, Africa and Asia. Latin America, for the time being, remains beyond the KFAED's range, less for any reason of policy than because few countries in the region are any longer as poor as those on which Mr. al-Hamad feels should

time permitting however, several of the smaller Caribbean and Central American nations. He explained that this was

of the OECD's Development

Assistance Committee.
Yet much more is involved than the wish to offset the unflattering publicity that the oilproducing states have received in the West as the result of the price increases of recent years. At the heart of the KFAED's programme is a commitment on the part of the Kuwait Government to fulfil its religious duty to help those less well off than Kuwaitis themselves—a commitment which Mr. al-Hamad believes is fully endorsed by public opinion.

Sense of mission

Translated into action, the Kuwait Government's resolve has had the effect of allowing the fund to evolve along lines very different from those of the World Bank or the major United Nations agencies. It is a small, lean organisation of no more than a couple of dozen professional staff with a refreshingly clear moral sense of mission and with little patience towards the bureaucratic complexities of the big, multilateral bodies. In shaping the KFAED into its present, increasingly-broad role, Mr. al-Hamad and his staff have had several advantages. The Kuwait Government, having made its decision to set up the fund in 1961, has scarcely ever intervened in its affairs. It has never laid down political guide-lines as to which countries should benefit from credits, thus letting the fund establish a genuine reputation for independence and for choosing proments by the fund now stand at jects purely according to its around KD 700m (£1.1bn), own criteria. Thus, it lends both

> Indonesia and to Vietnam. Only in the case of Egypt does the fund feel it can no longer consider further applications, following the Camp David agree-ment and the "normalisation" of relations with Israel. Nonetheless, existing commit-

> ments are still being honoured: the main outstanding loan is a KD 6m (£9.5m) credit granted in January, 1978, towards the reconstruction of the Suez canal. There is unlikely to be any move from the Kuwaiti side to call this in -Although-he does not-deny-

the political dimension to this freeze in relations, Mr. al-Hamad also said in a recent interview that the KFAED had reached the conclusion that Opportunity and management Egypt could not absorb further loans, even before the Camp David agreements were signed.

It is an effective one credits are in no sense tied; it Arab governments, and in the when Kuwait's spending on aid does not seek to push borrowers spring of 1979 matters came to credits are in no sense tied; it Arab governments, and in the

capital rather than raising than a year finance in the market-place Under the gives it an enviable freedom of Mohammed Imadi, a former action in setting financial conditions. It does not apply strict Arab Fund annears to be criteria of profitability. ditions. It does not apply strict Arab Fund appears to be moving criteria of profitability to the back into a higher gear once projects it favours; many loans have been made for infrastructural projects such as water resources, roads and airports.

Repayment periods are, in some cases, as long as 50 years, and interest rates sometimes as low as 1.5 per cent. In a few cases, the KFAED makes outright grants — for money from its sponsoring example, it has paid for exhaugovernments. stive studies by consultants of the development prospects of the Comoros and of the tourist

industry in the Maldives At the other end of the scale, the Kuwait fund was the primemover in re-appraising the outlook for the iron-ore mining sector in Mauretania at a time when it appeared that it faced a rapid rundown after the exhaustion of the first large

By all accounts, the KFAED was instrumental in putting together a massive, \$500m package involving no fewer than 15 development agencies, under which Mauretania's principal source of export income will be

further strengthened. In the Mauretanian case, Mr. al-Hamad says that his institu-tion was able to act as a "catalyst." The institution has done so over a number of years in relation to the other international development institutions largely financed by Arab oil revenues — the national bodies set up by Abu Dhabi, Saudi Arabia and to a lesser degree, Iraq, and the multi-lateral organisations established to Marxist South Yemen and to conservative North Yemen, to during the 1970s. These are the Arab Fund for Social and Economic Development, sponsored by the members of the Arab League; the Arab Bank for Economic Development in Africa; and the Islamic Develop-

Consultations

The Kuwait Fund, with more experience than any of the others, has helped both to standardise and to streamline procedures among them all, and to ensure that regular consulta-

for Social and Economic Development, whose offices are elso in Kuwait. Set up in 1971, the Arab Fund has as its main priority

and Central American nations He explained that this was tion of projects which might well hope to qualify for because loans already made strengthen economic ties Kuwait's help. were not being implemented. between the Arab countries. In What does Kuwait itself hope to gain by its development protogramme? At one level, clearly, action has made it an increasing the State sees the programme as making and keeping friends. So, too, have been some difficulty in finding projects which ingly desirable source in finance, as making and keeping friends. So, too, has the fact that its the satisfaction of all members are considered. of 10 per cent of its gross into awarding contracts to any a head with the departure of

AID TO the Third World is an national product in 1977 is compared to the very much lower countries. And not least, its Jaroudi, from his post. No still fewer countries which are figures of member governments policy of drawing down on loans had been made for more

Under the new president, Dr.

Total disbursements 1971 stand at only KD 160m (£254m) out of an authorised capital of KD 400m, but com-mitments have now reached KD 311m and the day may not be too distant when the Fund will seek a fresh injection of

Highest priority

Dr. Imadi makes clear that infrastructural and social projects will now be given the highest priority. Areas in which he hopes to be able to concentrate include transport communications. electricity grids, teacher training and educational materials. On the strictly industrial side, too, there are several major projects under consideration which

have been sponsored by the Arab Organisation for Industrial Development, including a pro-posed multi-national co-ordination of agricultural machinery building, and a steel complex for which no site has yet been firmly agreed. In the absence of suitable multilateral projects, the fund has made a good many loans to individual countries, including some KD 60m (£95m) to Egypt -although not all of this sum had actually been disbursed when the fund was obliged by its political masters to impose

Kuwait's. The Arab Fund, however, will meet obligations to third parties arising from these commitments to Egypt, while it is nonetheless unable to follow up its projects on the ground. According to Dr. Imadi, there is no shortage of deserv-ing projects before the Arab.

Cairo a freeze similar to

Fund, especially in such areas as rural water supplies, health. education and agriculture. The fund, while it stresses that projects must make economic sense, shares the view of the KFAED that its prime role is to alleviate poverty, rather than to earn any specific rate of return. Both institutions seek to carry mum of red tape and of political looking over the shoulder though Mr. Imadi at the Arab Fund plainly has the more difficult task in trying to estabthe encouragement and realisanon-political tradition. Yet he accepted by most member governments that Arab develop-ment aid is well past the stage of merely throwing money at problems, and is now a matter of skilled and sensitive manage-

Adrian Dicks

Social development has been remarkable

Local psychiatrists say the pressure on a young Kuwaiti to from overseas tumbling out of their pockets. succeed is often more than they

"They must be millionaires, have yachts, holidays in London and so on. The trappings of success are all important. They must be seen to be successful." The trouble, he says, is that the chances of acquiring the high positions or becoming a wealthy merchant within a short time, are becoming less and less.

Kuwait's 20 overworked psychiatrists are having to deal with the results.

with the West, such as alcohol or drugs, and presently some local mental hospitals are jobs—they have to, in order to involving dependence of one beat the inflation rate." kind or another.

Yet, in many areas, Kuwaiti social development has been public restaurants.

Even such superficial freebut a "woman question."

Unlike their Gulf sisters, its payrolls. Kuwaiti women are not

KUWAIT IS quintessentially a another heads the tender com"successful" society in the mittee in the Ministry of Plansense that the symbols of success that the symbols of success have become the necessities professors and even a dean at foreign lecturers who may mark all Kuwaitis can be guaranteed. the university, and hundreds down Kuwaiti students or ask more have first class degrees

> In the meantime, life is likely to become less easy for the Kuwait male. True, the Government has had a long tradition of taking nationals into the administration merely to Kuwaitise the ministries. This policy is likely to continue despite the abuses,

which the Government appears

to fully appreciate.
"We know there has been some over-staffing and moon-lighting going on—and that people come to the office merely to pick up their salary," said one Increasing numbers are turn-planning official. But then by ing to remedies more associated tradition this has been a paternalistic society. We don't think this will make the population 8 per cent of all admissions to lazy, for many of them have two

Private sector

remarkable. There is nothing At the higher Government more amazing than to fly into levels, the ministries are now the city from a neighbouring finding it a job to keep up with Gulf country to find local attractions of the private sector, Kuwaiti women stomping and have only recently decreed around hotel lobbies in thigh-high boots, dressed in the best can only leave his job with perthe West can offer, browsing mission from the Cabinet. In through boutiques and taking future the Government could lunch with their girlfriends in face difficulties in absorbing all the school leavers and graduates. At the moment, for instance, the doms are unknown in the Gulf large Kuwaiti trading firms where women are still, to a appear to have very few large extent, shrouded in black. Kuwaiti employees. One of the But in Kuwait, there is no largest in the city, which has a longer a "woman problem" total staff complement of about total staff complement of about 3,800, has only 20 nationals on

But, at the moment, a job is

for work to be re-done. Students tend to opt for the arts rather than the sciences, and frequently for a professor known as an easy marker.

"Sometimes it's difficult to get them to come to school at all" commented one Kuwaiti professor. "They go to the Stock Exchange instead. It is very difficult, you know, to teach a student who is already worth over a quarter of a million

Failure rates are also high— more than 38 per cent for Kuwaiti males in secondary

Kuwait, for despite massive huilding programmes, the Government finds difficulty in keeping up with the demands of the growing population. There are already over 270,000 students, the number increasing annually by 8 per cent. This necessitates a building programme for an additional 15 to 20 new schools every year.

With demand exceeding supply many Arab residents' children find it difficult to secure a place at one of the Government schools, and a number of schools have to be used twice a day requiring double shift work-

ing by teachers.

The Education Ministry simply says that it only builds enough schools "for the needs of our children and maybe for the children of teachers. The foreigners can take up the excess capacity," said one

The trouble is that the excess: restricted in their work to the virtually guaranteed for every has been left to the private teaching or social affairs professions. One has just been studies. Such an assured future the university for a foreigner is made an Under Secretary, does make for problems at the also extremely difficult, requiris often not enough, and much sector, - Getting a student into

a free house at nominal rent from the Government, the expatriate resident is left to the devices of Kuwaiti landlords.

For the ordinary bank clerk, teacher or typist earning KD 2-300 a month, beating an increasing cost of living and paying high rents can be a struggle struggie.
On the Kuwaiti side, there is also resentment that say an

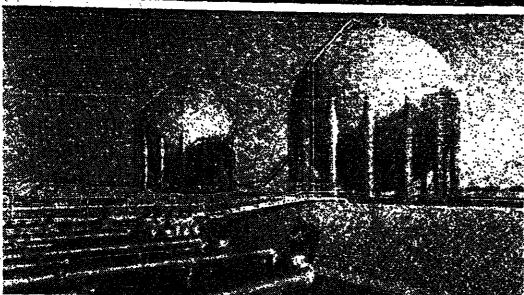
Egyptian doctor can arrive in Kuwait today and obtain a Gov-ernment flat tomorrow, while they may have to wait seven years for a free house. Health services have massively developed to keep up with the Education is a sore subject in Kuwaiti residents. Five major city hospitals are nearing completion and the older hospitals

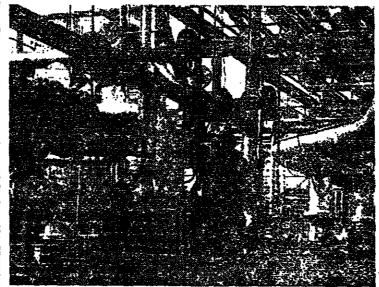
such as the Sabah and the Emiri, are being upgraded into specialist institutions. By the end of next year there will be some 6,500 hospital beds in Kuwait, each costing KD 40-KD 50 a day to run. These new hospitals, which would be the envy of any health service anywhere, will require the recruitment of some 650 doctors and at

least 3.000 nurses, The differing needs of the "K's" and the "NK's," as Government statistics refer to the Kuwaitis and the non-Kuwaitis reach almost an obsession in any conversation with either side, A foreign Arab psychiatrist working in Kuwait suggests that " perhaps their greatest failure in this society is their lack of success in creating a society which feels both permanent and relaxed. There is a great deal of nervousness about the money. On the other hand, their greatest success has been in-

distributing it." Kathleen Bishtawi









other men were taken way.

stration, broke up the gathering

in only a few minutes with tear

Mr. al-Hamed denies this.

Figures are not available on

tion there were only about

Demonstration

November.

Only a small proportion of Kuwait's labour force of about 300,000 are engaged in the oil industry, although the Government derives 93 per cent of its revenue from the oil sector. Above rigin; oil storage tanks at Al-Ahmadi and, centre, an oil processing plant. Left: travellers throng a section of the central bus station in Kuwait city. If the city's growth rate is maintained, its population will be over 2.7m by the year 2.000.

Problems in the manpower planning

agreed, one of the results of rapid development of underdeveloped economies. A small "Not everybody can stick a country like Kuwait can't build claim, but those with a political five hospitals within a few years voice, however, faint, or politime to train doctors, nurses laboratory technicians and the like and only a few years ago such training wasn't available

However, in the Gulf the manpower problem is exacerbated by the way in which the Gulf countries garnered the riches that finance their development.

In their economies there is only a loose tie between productive activity in the economic sector which contributes the most to GNP, the oil sector, and the acquisition of income in that

Kuwait's 1975 census, the last published, said that the total Kuwait before 1920 for "first active labour force totalled about 300,000. of which only about 4,860 are engaged in crude oil and natural gas production and related activities. Yet the oil sector accounts for about 75 per cent of GNP and about 93 per cent of government

Robert Mabro, director of the Middle East Centre, St. Antony's College, Oxford, pointed out in a recent paper: "It is the bar-gaining and other actions of productive endeavours of economic agents -farmers, firms, entrepreneurs, labourers, industrialists. The

in the nation as a natural inheritance or right.

and expect to staff them com- tical muscle, however, weak, pletely with nationals. It takes naturally would. Some will time to train doctors, nurses expect a share of the oil revenues as rent, independent of any productive contribution or

> Kuwaiti nationals are already a minority of the country's population-47.5 per cent of a total population of about 1m, according to the 1975 census, and probably even less in reality. Nationals are guaranteed housing, education, jobs and a host of social services.

Citizenship

It is extremely difficult to become a Kuwaiti citizen. One must prove his people were in class citizenship "—which in-cludes voting rights—and one must prove his people were in Kuwait by the mid-1940s to tional honour usually reserved for those who have made great

contributions to the state. By law, only Kuwaitis can own real estate—in the past one governments in the international of the Government's pet ways for which brings in the initial of distributing the oil wealth purchases at inflated prices. revenues would serve to make either have been born in Kuwait of the different groups of averted.

Conly Kuwaitis can own shares.

Businesses must have at least obligations to the state and are means that most would be concentrate its development ent Shia got up in a local They attribute this to unsettled among its citizens was by land

exporters must have Kuwaiti agents to bid on projects and sell their goods here. Only Kuwaitis can get import

The system thus encourages the growth of an inflated civil service. Of an active Kuwaiti labour force of about 87.000 in 1976, 76.2 per cent were employed by the government. The government employs about 43 per cent of the total active labour force, including foreigners. Over a third of the labour foreigners working for the government are in the lowest salary range whereas only 530 Ruwaitis are in that bracket.

The system also encourages and rewards the sleeping part-ner and agent over the skilled worker, the professional and reward has been severed. Thus nationals feel are beneath them
—a situation that develops in highly-industrialised societies against this.

The government is obviously trying to solve this problem. Many within it support cutting down on some of the giveaway programmes and back the institution of a tax system, that although unnecessary for public

place of foreigners in supervisory positions and to employ foreigners as manual labourers

mates that by the year 2000 Kuwaitis will have risen to only about 50 per cent of the population. The Planning Ministry hopes that by that time Kuwaitis will make up about 42 per cent of the active lahour force rather than their present 30 per cent.

To encourage this the Gov-ernment has a central training institute that is now training 850 students at its Telecommunications Training Institute. the manager. In many cases its Shuwaikh Industrial Institute the link between effort and and its Water and Electricity Training Institute. In addition, the country not only turns to this organisation is training foreigners to do the menial jobs another 1,750 clerks using the facilities of the Ministry of Education in the afternoon after classes let out. The Ministry is training about 1,500 at the become a "second class highly-industrialised societies classes let out. The Ministry is Kuwaiti."—which includes all national rights but voting. A few people are naturalised every year but this is an exception of the system didn't work to training about 1,500 at the moment at its four technical probably would be trained to schools—a commercial school the Kuwait Institute of Technology. The Teacher Institute of Technology. the Kuwaii Institute of Tech-nology, the Teacher Institute against women in employment and the Nursing Institute. All—as far as the law goes—and these students are going to government jobs on completion

of their courses. Twenty per cent of the students in these programmes can
tially a dangerous one. Kuwait's
that it was wiser to back down.
be non-Kuwaiti but they must
policy is to keep the percentages
a possibly violent situation was
averted.

Construction business say they worried about Kuwait's
that it was wiser to back down.
A possibly violent situation was
are seeing Person labourers in and for the time being everykuwait who haven't been workkuwait who haven't been workthing is quiet.

several government employees involved in manpower planning, is to train Kuwaitis to take

dents are non-Kuwaitis. Ruwait University is educatfaculties of art; and education, living, not languishing in science, medicine, engineering, refugee camps. Kuwait is not science, medicine, engineering, commerce and economics and law and Sharia. About 5,775 are Kuwaitis, about 675 are Gulf Arahs and about 2.058 are foreigners, mostly Palestinians. The students in the faculties of science and engineering are predominantly foreign while the faculties of arts and education and commerce and economics are predominantly Kuwaiti.

Women students

About 5,000 of the students are women, 70 per cent of whom are Kuwaiti. However, women make up only about 12 per cent of the labour force here and Kuwaiti females make up only about 2.5 per cent of the labour force. The Government has no policy to encourage women to enter the labour force in order origin, were suddenly perceived to alleviate the manpower shortage. On the other hand, mates are that they form about —as far as the law goes—and they are, in fact, given liberal maternity leaves.

generally agreed to be noten-

second largest minority after of Ayatollah Khomeini's aplooked to as the potential powder dents are non-Kuwaitis.

Ruwait University is educating about 8.500 students in its faculties of arts and wherein a confrontation state and the Government donates heavily to the Palestinian cause. When the Palestinians spontaneously demonstrated last March against the Egyptian - Israeli peace treaty, the Kuwaiti authorities were out in force, especially round the U.S. Embassy, but

they didn't try to interfere. The possibly dangerous Palestinians are probably the younger ones who have been born and educated in Kuwait but who cannot enjoy the full rights. benefits and salaries of citizens. So far, however, there has been no real overt evidence of their dissatisfaction, just grumbling.

Last year, after the Iranian revolution, the Kuwaiti Shia, who are mostly of Persian as a potential problem. Esti-20 per cent of the Kuwaiti population. The Kuwaiti authorities tried to interfere with their first demonstrations in support of Ayatollah Khomeini, and even The demographic situation is arrested a few participants but enerally agreed to be potenthe authorities quickly realised

THE MANPOWER shortage in natural corollary is that oil 51 per cent Kuwaiti participa not just beneficiaries of its Palestinians, who officially are efforts on capital intensive, low mosque to give mildly anti-conditions in Iran and, according to everybody tion. Foreign contractors and largesse.

20 per cent of the population manpower projects.

20 per cent of the population manpower projects. Since the Palestinians are the men, Ahmed Al Mahri, the son Some the Kuwaitis, they have been pointed Imam for Kuwait, was Kuwait Shia, many of whom looked to as the potential powder deported to Tehran along with still support the Shib, have

or Persians and if they choose to be Persian they must go to Iran. The Kuwaiti Government meanwhile is courting Kowaiti In November, at the Shia Feast of Ashura, about a thousand Shia marched on the U.S. embassy. Kuwait security, invoking a public assembly law

Shia. The 35-member committee that was formed recently to prepare for a new national assembly was about 20 per cent requiring a permit for a demon- Shia. Just when dangers these

different ethnic groups pose in Kuwait cannot be seen yet. But their existence, coupled with the growing religious fervour Since then there have been no more incidents but during December and January Kuwait deported about the Grand Mosque incident, has 18,000 people, Mohammed al- many Kuwaitis themselves Hamed, Head of Security, said questioning the country's future the procedure was not unusual and that these were foreigners mander of the fanatics who took who had entered the country the Grand Mosque had stayed illegally or whose residence perin Kuwait and Saudi Prince mits had expired. Persian Fahd is reported to have told labourers say, however, that the a Lebanese newspaper that the deportations are aimed at them, incident was masterminded from Kuwaii.

There was some leafleting the number of Persian workers done in Kuwaii in support of in Kuwait. Before the revolu- the fanatics and two men got up in a Kuwaii mosque to speak 40,000 because job opportunities in their favour. were so good in Iran it was un- almost killed by those in the necessary to travel to Kuwait to mosque at the time. make a living. Now some in the Hamad says that he is not construction business say they worried about Kuwait's future

Leslie de Quillacq

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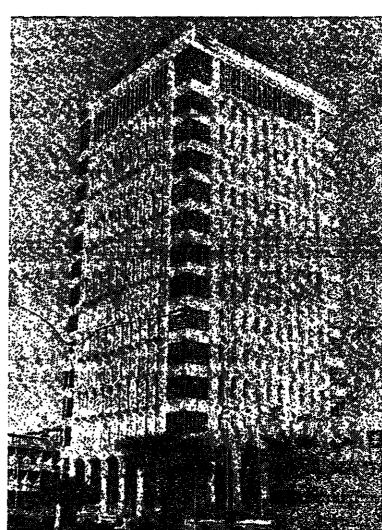
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KUWAIT VIII

Need for more coherent economic policies

KUWAIT'S ECONOMIC development has been managed with as much prudence and competence as its foreign policy. Successive governments have presided over he evolution of a unique combination of a welfare state and free enterprise system. private sector stimulated, not the least by measures to distribute surplus oil wealth and, to an extent, also protected in a paternalistic way. Large-scale development projects of dubious viability have been eschewed. The prohas generally kept pace with

The approach has The approach has been gradual, pragmatic and flexible in conformity with the same character of the State. But it has also been somewhat piecemeal. Now there are signs of dawning consensus in ruling circles that the time has come to formulate a more coherent. long-term view to the year 2,000 and beyond.

In the past, planning has not been given much precedence in Kuwait. The concept is not one that co-exists easily with the spirit of free enterprise. The function is also one that is only considered essential for countries which are short of capital and, therefore, need to allocate it carefully.

Outsiders may debate the ex-tent to which Kuwait—a very significant aid donor and rentier can be regarded as a developing country. For good reason it insists that it is one, notwithstanding its growing investment income, now running at annual rate of over KD1m, the State is still desperately dependent on the exploration of its wasting while, if it is to become an advanced country, if not an industrialised one, Kuwait still

develop its human resources Yet, in one respect, it must be considered exceptional among developing countries. Compared to other countries, there is none other, including Saudi Arabia, for which availability of capital can be less of a constraint.

Since the oil price explosion at the end of 1973 the State has recorded budget surpluses totalling (before deductions for aid transfers and contributions to the capital of enterprises in Kuwait or 'pan-Arab projects') more than KD10bn. or the equivalent of about \$35bn.

Long-standing aim

scale has enabled it to move It formulated a plan for the purposefully towards fulfilling a 1976-77 to 1980-81 period that long-standing objective, dating projected development spend-back 25 years, of generating an ing of KD 4.44bn, including investment income on a scale KD 1.07bn for the oil sector that would provide an alternative the collection of the collection long-standing objective, dating tive to oil when the wells run Pursuit of that aim, however, has never been to the exclusion of a greater selfsufficiency not based on oil production. In reality, the day when the

wells run dry is very far away if it seems ever-present in the Kuwait consciousness. State's proven reserves should last 100 years or more at a pro-duction rate of 1.5m barrels a rather than break-neck developlast 100 years or more at a proday, the reduced level which will become effective from April

this year.

As it happens, Sheikh Ali
Khalifa al Sabah, the Minister circumscribed and conditioned of Oil spoke last year of a period lasting from 50 to 100 years as the time-lag required by members of the Organisation of Pet-roleum Exporting Countries (OPEC) to complete the necessarily slow process of economic and social development. He was giving an indication of the realistic long-term perspectives of his own thinking, at least.

Understandably, there is also a sense of urgency. Mr. Moham-med Youssef al Adasani, Minister for Planning, speaks of a "race with time." Kuwait is no different from any other oilproducer in "trying to achieve a lot in a short space of time." Against this, the Government is fully aware that, despite the lack of any financial constraint, direct one that has not been there must be limits to the rate of growth. It has yet to define precisely what the guidelines tional system during the past 30 should be. But three years ago years. it adopted one principle that it is determined to abide by. That is, the monetarist one of strict curbs on increases in public ex-

-Kuwait entered the post-1973 war with greater sophistication than the other conservative Arab oil states of the Gulf and with a relatively well-developed infrastructure.

At the same time, it under-went a rapid growth. Statistics, relating to Kuwait's national accounts, are less than complete or compatible, but they give a fair indication of trends. In the five years from 1972-73 to 1977-78, gross domestic product grew at an average annual rate of 22 per cent, to reach KD 3.85bn. The biggest increase was in 1973-74 when the overall gain was reckoned to be 63 per cent, reflecting the quadrupling of per barrel receipts from oil.

563,000 non-Kuwaitis. The As with other producers, figure for the latter seems to petroleum price rises give a have been pitched low and total somewhat distorted picture of population was probably signifi-Kuwait's economy. However, for cantly greater then. The number of Palestinians this period the average growth may have been as much as 400,000, rather than the 200,000 for non-oil GPD reckoned to

ave been 17 per cent.

recorded. The Government is currently carrying out another

Since the first oil prices'

escalation, one of the most

formation, though it had been

rising proportionately, in 1977-

78 when the public sector con-

words, Kuwait spent only a

1974-76 boom was such as to per-

suade the Government to place

severe curbs on expenditure. Previously the Kuwait Planning

Board had exercised some

influence over economic policy

but the Government had hardly

made a pretence of following

the first two Five-Year Plans.

upgraded to ministerial status

tries and autonomous agencies,

with the balance expected from

the private sector. In the event,

small area of the state has

its development potential. The

need to optimise a limited land

area was recognised well over a

physical expansion and

unrationalised, preoccupation

tion of a comprehensive

Implications

obvious to outsiders.

years ago, it has shown a reluc-

KD 131 bn far below

1978-79

original target.

Kuwait's experience of the

small part of its income.

three-quarters of GDP.

The Commercial Bank of Kuwait

Mr. Adasani has estimated economy has been the very high that Kuwait will estimate a population of 1.4m. Informed rate of savings. In the period from 1972-73 to 1973-74 they observers believe, however, that accounted for something like the population may be as much as 1.7m to 1.8m at present, and In contrast, only 17 per cent that by the year 2000 it will be very much bigger than the 2.5m projected by the consultants o revised the original 1970 Master Plan. tributed three times as much as Concern about population the private sector In other

imbalance, as well as pollution, is the main reason why Kuwait has shown progressively less for industrial enthusiasm diversification which was one of the main priorities of the first Five-Year Plan for 1966-67 to 1970-71. Other considerations are economic viability and availability of gas.

Joint ventures

Government abandoned ideas of implementing a steel mill and an aluminium smelter. The chemicals venture with Bahrain. State's citizenry. to be located outside the State.

public investment from 1976-77 Much earlier than Saudi some tariff protection has not of Arabia and the UAE, however, Kuwait became aware of two other reasons in favour of stronger emphasis on service. capital-intensive, hydrocarbonment. One of particular relebased projects. vance to itself is geography. The

potential and cleanliness. Exprocessing building materials, already accounting for a significant proportion of non-hydrocarbon industry is envisaged.

decade ago. The Urban Master But, significantly, the Indus-Plan was drawn up in 1970 and trial Bank of Kuwait which from 1974 to 1978 has helped revised two years ago. Related to this basic consideration has been another one that is becoming an increasing, if as yet During the past five years the As soon as Kuwait started disbursing oil revenue its citizens

trend has been to think more in terms of developing Kuwait became apprehensive and, to an as a service centre. At the last extent, resentful of the influx count, five years ago, nearly 75 per cent of the labour was of expatriates, Arab and non-Arab, required for the build-up of the state's infrastructure and services. The correlation between development and the employed in the service sector —but two-thirds of those were working in the over-bloated bureaucracy. Despite its past traditions as an entrepot there import of manpower has been a seems a limit to how far Kuwait can assert itself as a trading appreciably modified by evolucentre for the region,

10 years ago, as its merchants found easier profits in a grow-The demographic implications of growth for an oil-producing starting development a marked rise in re-exports from 1975 to 1978, to more than KD 150m a year. With the easing almost from scratch and with a small population in relation to of port congestion, however, its wealth, may have seemed this business has flagged. Although those implications In keeping with its maritime

were clear in Kuwait, many traditions. Kuwait has become a force in world shipping. The fleet of more than 50 vessels tance to face them openly to belonging to the Kuwait Shipping Company was merged the point that it has almost seemed to be evading a difficult sue, at the end of 1976 into the As early as 1960, according to multinationally-owned United census of that year, Arab Shipping Company. It has expatriates amounted to half made losses for the past two of the population, in three subyears but with the market sequent censuses to date, under-improving, it looks forward to taken at five-yearly intervals making a profit this year. In making a profit this year. In the near future, it should be since then, they were found to be an unchanging proportion at 53 per cent. The figures for adding to the value of oil production by carrying more than 1975 gave 502,300 Kuwaitis and 40 per cent of the State's crude and oil products. In addition. there are two other companies quoted on the Stock Exchange. including the Livestock and Transport Trading Company. which also delivers New Zealand lambs on the hoof to other markets, as well as other

privately-owned ves shipping is a business where Kuwait is as dependent, as in others, on expatriates. In the service sector.

ever, finance takes pride of place. It is a field of activity where natural Kuwaiti apti tudes have flourished expertise has been

The 1975 census showed only 2 per cent of the economically active engaged in finance and insurance of which little more than one-fifth were residents. As witnessed by the proliferating number of institutions and their diversity, Kuwait is continuing-to develop as a market of growing importance. Basic with the handling of the State's public and private surpluses.

For Kuwait the problem is not the creation of employment opportunities, but minimising dependence on ever-increasing demand petrochemical projects—aroma- utilities and services and, on the tics and olefins complexes, in-cluded in the Third Plan, cover-reluctance of Kuwaitis to pering the 1976-81 period—have form tasks required to mainbeen postponed indefinitely, tain and increase, in response The strategy is to concentrate to population growth, the facilion joint ventures, like the petro- ties taken for granted by the

The Government evidently Manufacturing industry built cannot contemplate any whole up with cheap finance, land and sale redeployment of manpower. energy and nominal prices, and either Kuwaitis or non-Kuwaitis been inconsiderable. Now a Citizens have a right to jobs more searching appraisal is and 3,000 each year, at the pre-being carried out. There is an sent rate, enter Government

Recently, Sheikh Jaber al ased projects.

Ahmed, the Ruler, acknow
Other criteria are good export ledged that 65,000 of the nationals and expatriates workpansion of capacity for food- ing for the Government were unnecessary—but for social and humanitarian reasons they would not lose their jobs.

Technical skills

There are plans for the training of Kuwaitis in technifrial Bank of Kuwait, which training of Auwaius in technifrom 1974 to 1978 has helped cal skills so that dependence on finance projects, valued at over expatriate man-power can be KD 330m, last year slowed down the rate of its commitments. will be. Construction workers, especially those recruited and imported, can be sent home when their work is finished. Those people needed to run basic utilities and services cannot remain in Kuwait.

Quite apart from the need to keep on combating inflationary heating, Kuwait needs an economic policy geared to a population policy—and vice versa. The drawing-up of guidelines by it was the Ministry of Planning must eclipsed by Dubai more than await the results of the census, says Mr. Adasani. The approach will be conditioned to ing market at home. There was assumptions about what the optimum population—from the balance and minimum number of foreigners-will be by the year 2000.

Taking that as a basic reference, the strategy would be to adjust expenditure and develop ment, with particular emphasis on manpower requirements and educational programmes linked to it. Achieving the right balance would be difficult for Kuwait, even if the planning function status to Kuwait that it has not seen, hitherto. But will it be

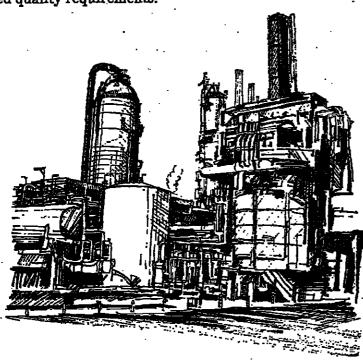
given the necessary priority? "It seems there is no alterpative," comments Mr. Adasani: who noints to the important attached to planning by the Certainly, the time has come

for a more realistic appraisal of where Kuwait is going and a more determined attempt to direct its economic course Richard Johns

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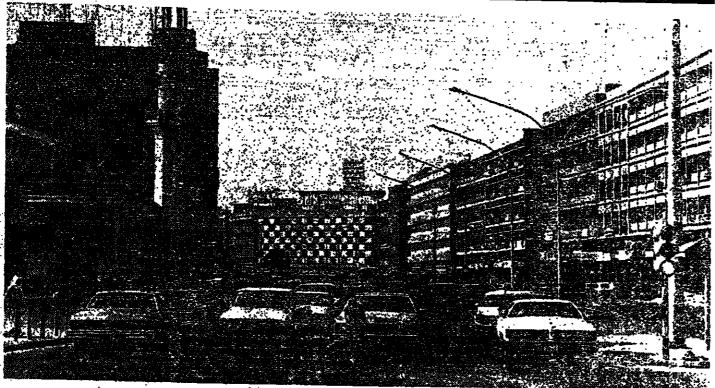
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UHALONITA



Plans are being made to reduce Kuwait city's traffic nightmare, although the number of vehicles is increasing by more than 14 per cent a year. Above: Fahd Al Salem Street, in the centre of the city.

City's curious blend of old and new

that you notice about Kuwait; the city starts at the airport, and if you are not too unlucky with traffic jams, after half an hour you may arrive at a city centre hotel.

Compared with other Arab cities its population is small, but in terms of the Gulf, it is

Kuwait is a curious blend of "old" and new-the new, built by its legendary rich private sector (which because of fan- gated into Kuwaiti and nontastic land prices, well exceeding those of Manhattan), have been forced to build upwards and the "old," as represented by the 30-year-old suburbs where most of the State's Arab residents live.

To step into the new areas of its major successes. The of Salmiya recalls some fashion- National Housing Authority was able European shopping areade established in late 1974. Its —and, in contrast, a walk around Hawalli, the predominantly Palestinian suburb, is tion, but waiting times are still like stepping back into some backstreet of Beirut.

The styles of Kuwait are con-

plete with cellos, flutes and violins regails Western diners with Mozart sonatas in elaborate surroundings resembling some 19th century Viennese society restaurant. Just 40 minutes' drive away, stateless bedu are herding sheep, just like they've always done. And in between these two are the mansion houses of the Kuwaiti merchants, their facades decorated with anything from Greco-Roman pillars to Islamic arch-

Traing project

planners, the problem is keep-ing up with the sheer size of the population and its growth. Its expansion involves a seemingly endless process of house building, school construction and power station develop-

Just 25 years ago, the city state had a population of around 100,000, of whom 80 per cent were in the old city with the remainder in the oil city of Ahmadi. Nowadays, con-servative estimates hover servative estimates hover around the 14m mark but the number is probably much more. The annual rate of increase is about 6 per cent a year. Demand on the public utilities register is greater growth rates than a server and the choice of either around the 14m mark but the seven years and each year some 1.500 new applicants are added. Higher-income Kuwaitis, and the choice of either around the 14m mark but the some 1.500 new applicants are added. Higher-income category, and the choice of either around the 14m mark but the some 1.500 new applicants are added. Higher-income category, and the choice of either around the 14m mark but the some 1.500 new applicants are added. Higher-income category, and the choice of either around the choice of either aroun is greater growth rates than accepting a two-storey villa that—demand for electricity with a nominal rent of KD 50 that-demand for electricity soared by a massive 25 per cent last year, not only because of the natural population growth but because of the thousands of new houses

AMONG THE cities of the Gulf, population will be over 2.7m By next year we will have growing proportions is the Kuwait is unique for one thing people by the year 2000. By that satisfied 1975's applications, traffic that is being generated by this growing population. It in the urban area. By then, say the municipal architects, Kuwait city will stretch all the way to the Saudi border, in the south.

The density of the city will for in a town where the population is split in two-local citizens and foreigners—it cannot be haphazard.

Previous housing development policies have meant that the urban area is virtually segre-Kuwaiti areas, for the large new housing estates are exclusively for nationals.

Providing homes for poorer Kuwaiti citizens is one of the Government's top development priorities. It has also been one record is nearly 25,000 houses completed or under construc-

When the NHA began its operations there were some fused and varied as its inhabitants.

Back in a city centre hotel, a

Czechoslovakian orchestra com
Czechoslovakian orchestra com-

One of the unique characteristics of the Government's housing programee in Kuwait is the way in which the population has been carefully divided up into income groups. The lowest category is "rural" housing for the bedu, who until now have been left, stateless, and living in shanty towns dotting the city's outskirts.

In 1976, the population of sprawls of corrugated iron sheds was estimated at 120,000 until a Government decision called for a crash programme to rehouse them.

Since then, some 10,000 Varied it may be for the city's houses have been built and within the next two months, the Authority hopes to have finally rid Ruwait city of its shanty towns. Their new houses have been specifically designed around bedn habits, incorporating an area for animals-and naturally sufficient garage space for two cars.

> The next category up is the limited income group, for which some 12,000 houses have been built. However, the waiting list in this group is around a month or buying a plot of land and receiving an interest free loan of up to KD 36,000 to build their own house.

Already, 2,500 villas have been provided in this category, being put into commission. been provided in this category,
If the growth rate is maintained at its present pace, city Authority is still way behind
planners estimate that the in demand.

YOUR TOTAL FORWARDER

for each development gets further and further away from the city centre. The urban specific made worse by the average Kuwaiti's partiality for the biggest gas guzzlers turned out by Detroit. It is here that the plans and theories emanating population growth is such the from the Kuwait municipality two new development areas take on their most futuristic require careful social planning, population growth is such the are now under study, one of which is more than 100 kms two-car family country, for away from the city.

Kuwait only has a limited amount of land in which to develop, for the desert hinterland is where the oil and water of the city were built. In 1977. resources are located, and thus for which the latest statistics the new areas have to be located on the already populated areas of the coast.

Subiya, in the north; and Khairan in the south will eventually have populations of over half a million people say the planners. The problem is providing an employment base

Industrial plans

At Subiya, some consider tion is being given to develop-ing the coast into a transit port and it is hoped that some kind of industry can be encouraged

Housing for Kuwaitis is only half the problem. A recent undertaken report Shankland Cox Partnership for the Kuwait municipality indicated that the total demand. including that from non-Ruwaiti residents, would require an annual building programme of 17,000 units a year.

Although immigration is in theory expected to decrease from 1980 until the end of this century. by which time Kuwaitis will form more than half the population, it is estimated that in order to cope with total overall demand, the supply of housing will have to be increased by more than six per cent every year.

The major task of housing the expatriate resident will fall on the shoulders of the private sector, which until now, has been reluctant to cater for this cheaper end of the market. The luxury type accommodation is still offering three-year write off periods, but nevertheless, rents are dropping gradually, and there are already 12-20,000 empty apartments in the city in the higher rent category.

However, until such time as

rents drop to the levels that the average bank clerk or teacher can afford, sharing will continue to be the norm in Knwait.

"It may be a cruel approach to leave the Arab resident to the devices of the local landlord," commented one senior planning official. "but in the long run it is better for the economy than the government trying to interfere in the commercial property market." For Kuwait's urban planners another associated problem of

traffic that is being generated by this growing population. It The next problem is where is one made worse by the plans and theories emanating flavour. Kuwait is strictly a there are 267 cars for every 1,000 people. This compares with 45 cars per 1,000 only 16 years ago, when the major parts are available, figures show there are some 269,000 cars on the road, together with 59,000 pickups and 8,000 taxis. The number of vehicles is growing by 14-18 per cent a year.

To cope with this growing traffic nightmare, a number of projects designed to lessen the flow into the city are under study. Firstly, there are the new concentrations of population being built in Subiya and Khairan. They will, it is hoped, lessen the flow of vehicles coming into Kuwait city

Secondly, the municipality sixth ring road and a series of centres with a total car parking capacity of 50,000 cars. The plan is that drivers will change on to clean, efficient public buses, though it is not clear whether they will be willing to. At the moment, buses are mainly a male, labouring class affair but plans by the local bus company include air-conditioned mini-buses running to and fro into the major commercial areas of the city.

Monorail system

To top these plans, the municipality is also studying an elevated monorail around 30-40 kms long crossing the city. The municipality is looking at a number of prototypes on dis-play in various transportation study centres and universities around the world in Canada, the United States and Germany. The very minimum cost of such a project would be around RD 50m.

However, such sums are small compared with the amounts that will have to be spent on power generation in the coming decades. At present, per capita consumption is the second highest after the U.S. and Sweden. It is rising both relatively and absolutely.

If Kuwait is to keep pace demand, it will have to more than triple its current sipply, and must create more power than is being built by all of the Gulf states, put together. A recent report indicated that to meet the demands for water and power by the year 2000, would require four new complexes, two of which

would have to have generating capacities of 1,500 MW and two of 2,000 MW.

By the end of the century, it is estimated that Kuwaii will need around 11,368 MW— 7,000 MW more than is being

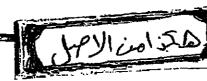
planned for.

The rate of increase in consumption is greater than the rates of increase in capacity. Demand curves were recently estimated to rise around 13 per estimated to rise around 13 per cent a year, but last year's consumption of power soared by a massive 25 per cent. Peak demand in August, 1978, was about 1,500 MW, but, by September the following year, it had gone up to 1,950 MW.

September the following year, it had gone up to 1,950 MW.

Last year, though, there was a comfortable excess of capacity of around 500 MW, but this year the "fat" will not be there, say consultants. The rapid jumps in consumption are caused not only by population growth, but also the completion each year of thousands of new each year of thousands of new houses, creating new users of air conditioners, which absorbs a large portion of the electri-

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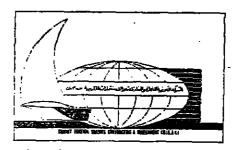
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Traders face profit cuts

KUWAIT X

Kuwait always involve money, and the making of it. A bank KD 600-KD 700m mark," clerk at the airport casually asks adds. an incoming passenger from London what that day's interest rate was in Britain. In the hotel coffee shop, two Kuwaitis dis-cuss the Swiss Franc and land prices in the city. At the reception desk, a clerk says he often buys items from botel clientsyou know, dresses, soap, steel—anything. You have to be into something here, don't you?" he

The trading instinct in Kuwait starts at the bottom upwards. As the hotel clerk says, everyone is "into something in Kuwait, importing into this legendary surplus market which grows in size by 6 per cent a

A small company in Kuwait is one with turnover of KD 25m, according to a long-experienced

"The really wealthy families are likely to be the names you've never heard of, the

IMPRESSIONS of stock-holders—the quiet unob- example, which did a feasibility considerably in the past year of KD 83m to KD 37m.

Iways involve money, trusive names. They're up to the study on the possibilities of an and British contractors which It is estimated that The merchant community of

Kuwait is one of the region's oldest. It has been active since the 18th century, trading in pearls and foodstuffs with neighbouring countries. It was only recently that the riches of the merchant community outranked even that of the ruling

In the mid-30s, the entire budget of the palace and the royal family was equivalent to about \$7,500 a year and was contributed, directly or indirectly, by the merchants. The two are still very closely linked, but unlike Saudi Arabia, there appears to be an unwritten rule in effect which precludes the Sabahs from indulging in trading. This long tradition has created the most highly sophisticated mercantile community in the Middle East.

A number of them have trans formed into international business empires and are run on U.S. lines. One leading family in Kuwait obliges its executives to set themselves monthly targets and "confess" at open board meetings why those targets may

Local business and industries are protected by a labyrinth of laws giving preference to local companies. Government contracts can only be secured through a local agent. Cheap land is offered as an incentive for industry, there is tariff protection on their products and relief from customs duty for new manufacturing plant and

The Government also provides cheap energy—petrol is still 12p a gallon in Kuwait. Times may change in Kuwait, since planning officials believe private sector has been

"spoilt" long enough.

Taxation is a perennial subject in Kuwait. "At the moment it is a laughing matter in a country like ours," commented one official. "Certainly, we do not need it as a source of evenue. But we do need it as a tool in the economy, to remedy certain trends."

Consideration is also being given to end the era of cheap nergy in Kuwait, to make the public and industry alike, more Despite the incentives, few

of the merchants have gone in for large-scale industrial pro-

would still be cheaper by as much as 20 per cent to import them from Japan or the U.S. —"In a market as small as this, you cannot get the economies of spele," commented a company official.

The last two years have not been the easiest for many Kuwaiti merchants.

no real growth in the Govern-ment's capital development budgets, apart from that which can be accounted for by inflation. Thus, the general slowmany years.

Over-stocked

In 1979, a number of traders found themselves over-stocked and were left with millions of dinars worth of equipment and goods, stacked around waiting to be sold.

"There were a lot of projects still in drawers," commented one trader whose sales had fal-len by as much as 30 per cent. A number of the biggest names in Kuwait were obliged to cut down on their staffs, although this may have a longterm beneficial effect, as many were geared up for a boom

panies which had taken loans from the international banks had defaulted-not on payments -but on the conditions set by the banks themselves.

When the times became sticky, and with wavering foreign exchange rates, a number of them found the conditions difficult to meet. Payments around town generally slowed down, report some traders, as liquidity tightened when funds egan to leave the country to obtain higher interest rates. All of them report slightly higher turnover, but decreasing profit

In some cases, their margins were dropping faster than their turnover increasing, thus representing an overall shrinkage. The next few years will see a separation between those which have adopted modern management techniques and those whose administration still remains largely traditional, in the hands of a few family members.

the competitive pace heated-up completion in 1978, from a level

air-conditioning unit assembly had left in the early 1960s, plant, found that with the high showing an interest in the state overheads and labour costs, it found themselves up against very stiff competition from the Koreans and Japanese.

The Koreans have long been impressing the Kuwaitis not only for their cheaper prices but also their ability to complete a good job on time. For a recent KD 10m contract on The economy was marked by managed to finish the first part of the development ahead of time. Instead of the second phase being put out to tender through the Central Tenders Committee as normal, the down is echoed in the import Ministry of Public Works levels which, in 1978, showed simply re-negotiated. Even the a decline for the first time in British consultant conceded that the quality of work was first-

> The Koreans are also proving hard to beat. On a recent motorway contract ,the South Korean bid was KD 13m and the British offer KD 23m. On another similar project, the British bid was closer — within KD1m of the Korean bid.

Protection -

To protect its national industries, the Government is insisting that a number of construction materials be bought locally—such as tiles, piping asphalt and cement. This may cut down the Korean competitive edge as orders will have to be placed localy, rather than being provided from Korea.

However, one project for which the Koreans bid was offered by them at KD 20m if local materials were used-and KD 17m if their own supplies were employed. The lower offer was accepted. At times, the Korean bids are even below the expected by

The overall import figures for 1978 which are the latest figures available, show an 8.5 per cent drop over the previous year, from KD 1.38m to KD 1.26m.

Japan headed the list of importers into Kuwait with KD 247m or 19.5 per cent of the market, the U.S. came second with KD 197m which represents an increase in its market share from 13.6 per cent to 15 per cent, and Britain came next with just over 10 per cent. Korean exports were halved as In the construction industry, major contracts edged towards

per cent of Kuwait's imports are efficial gazette. Furthermer destined for re-export, mainly the Kuwaitis are increasingly to Iraq and Iran. Iranian quality-conscious. trade has improved considerably in recent months and many Kuwait took a knock last year, of the major traders report spec-tacular sales to visiting Iranian merchants. "They are buying anything and everything," said one trader, who had just sold nearly KD 3m worth of pick-up

Competition

Kuwait's foture transit trade will depend to a certain extent, on its ability to handle incoming cargoes, for all the Gulfports are now seeking to fill
well-equipped berths which
were planned in expectation of

vehicles to Iran. However, the

volume of sales, while giving

a much-needed lift to a sluggish

home market, are not sufficient

to encourage increased order-

the boom continuing.

In the face of such tough competition, prospects for European contractors could look gloomy, but they are not impossible. One British company, Biwater Shellabear, won a reservoir construction con-tract in the face of Korean bids merely by linking up with a local contractor and making use of his skilled Arab staff of engineers and designers. The normal overheads on expensive expatriate supervisors were thus reduced.

Two American companies, Johnson Bros. and Sangumo. have also managed to beat the Koreans by the use of more economical, but skilled, labour from other countries.

There appears all too often to be a tendency by British con-tractors to lay the blame on the Ruwait Government contract conditions, say local consultants. "In fact, the con-ditions are little different from those in any other Arab state and they are coming closer to FIDIC all the time," remarked one consultant.

With the slow-down in other countries, particularly the UAE and Iran, there are likely to be even more eager contractors searching for work in Kuwait. Already construction costs are falling, by as much as 25 per cent over the past two years one consultant estimated. Nevertheless, Kuwait will be a buoyant market for the indefinite future with many largescale contracts on the horizon.

mainly because of the compl tion of a ship building contract by the Govern yard for the United Arab Shipping Com-pany. Market share is esti-mated to have gone down Avan mated to have gone down from around 19 per cent in 1978 in 8 per cent last year. In 1978 exports totalled £144m, in 1977 they were £243m and the following year they had rises to £332m. Then, in the first nine months of last year, the leyel had decreased to £212m; the leyel. had dropped to £218m; com-pered with £304m for the same period in 1978. Britain was until last year, holding the third position in the league table and was first in the ranks of EEC importers to Kuwsit. but it is likely that the 1979 figures will put West Germany ahead of the UK.

Kuwait's main port at Shawaikh is, in contrast to other ports in the area, expensive and lacking in some facilities — particularly with regard to containerisation. handled at Shawaikh, Kuwait hashas yet to build a purpose-built facility. In 1978 Shawaikh-handled 73,360 TEUs (20 ft equivalent units), and the following year it was up to 120,945. Expectations for this year are around the 165,000 mark.

Already some 60 per cent of all incoming cargoes are con-tainerised, and shipping com-panies believe that a further 30 per cent could be handled

this way. Squabbles between the operators and the Port Authority in the past year led to the con-tainer terminal being handed over to OCL this year, and now plans are being made for fullyequipped facilities for the near

Three container berths have been earmarked in the general nine-berth expansion plan, but, meanwhile, the Port Authority is believed to be considering renting some gantry cranes so that berths 12 and 13 can be quickly converted into container facilities. Officials realise that Kuwait cannot wait another five years until development plans are completed, if Shawaikh is to remain a major Gulf port in the face of cheaper, more efficient, facilities in the lower Gulf.

Kathleen Bishtawi

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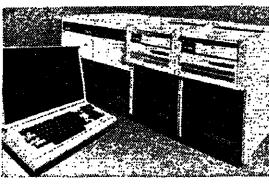
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Investment of surplus revenue

NO STATE reacted with such The policy goes back at least alarm and apprehension as as far as 1952, when the old something shocking."

The action was bound to dis-turb Kuwait. It has long-recognised its limited absorptive capacity and invested surplus revenue as an alternative source of income for the

have accumulated something in the region of \$40bn to \$45bn. Like any big investor, Kuwait

has sought to spread its risks. both from a political and finan-cial point of view. In terms of interest, capital appreciation and long-term prospects; as well as security those responsible for deploying Kuwait's assets have come to regard the U.S. as the best repository for the bulk of the State's investment funds.

Vulnerable

Kuwait's identification with Iran is understandable. The scenario most obviously worrying Kuwait would, it must be presumed, be one in which its assets might become vulnerable as a result of its participation in oil sanctions against the U.S. Mr. Attigi asked: "If the U.S. with its pre-eminent position in the world can do this—what about everyone else?"

In the same vein, Sheikh Ali Khalifa al Sabah, Kuwaiti Minister for Oil, warned: "If a country is not prepared to hold our monetary reserves in safe keeping, we can think up something on oil production."

Already Kuwait, like the other Arab oil producers, had witnessed with mounting concern the value of investments eroded by the depreciation of the dollar and inflation.

One thing is certain: oil conresources are devoleted.

Kuwait to President Carter's Kuwait Investment Board was decision. last November, to established in London. In 1961 freeze Iran's assets. The meathat became the Kuwait Investsure—taken as part of the ment Office, an agency directly American campaign to obtain controlled by the Ministry of the release of the diplomats held bostage in Tehran—was deshandling the bulk of Kuwait's cribed by Mr. Abdel Rahman al assets until the sterling devalua-Attiqi, Minister of Finance, as tion in 1967, when Kuwait purposefully set about diversification, especially in the direc-tion of the U.S.

It is only since the beginning of 1974, when its reserves amounted to rather less than \$2bn that Kuwait has been able to invest on a truly massive scale. In 1976 the Government created the Reserve Fund for Future Generations, decreeing that no less than 10 per cent of revenue should be channelled to it and initially placing half of the state's better investments

In the wake of the escalation of oil prices, seven years ago, Kuwait was second only to Saudi Arabia in its rapid accumulation of excess revenue. From the second quarter of 1974 until mid-1978, budgetary surpluses recorded in official amounted

KD 7.39bn. or the equivalent of about \$26bn. About \$5bn of it was disbursed in aid. but the reserve was swollen by growing investment income. Kuwait has generally been secret about the size and deploy-ment of its assets. But in the

summer of 1978 Mr. Attigi did reveal that the State's reserves some \$27.5bn at the end of 1977. A year later they were estimated to have totalled \$35bn to \$36bn. At the close of 1979, they would probably have amounted something approaching

A proportion of Kuwait's nonconcessionary aid constitutes part of the reserves—bonds purchased from the World Bank and contributions to the IMF deposits with Arab central banks, such as the sum of nearly \$1bn placed with Egypt— bilateral loans to governments servationist tendencies have investments in developing been strengthened by the shock countries and contributions to Nevertheless, Kuwait remains aid funds, including the KD 1bn committed to building up a paid up for its own. In addition, diversified fund to provide an the total includes capital subalternative source of income for scribed to pan-Arab projects and the distant day when oil also Kuwait companies or institutions. The return from many

CONTINUED ON NEXT PAGE



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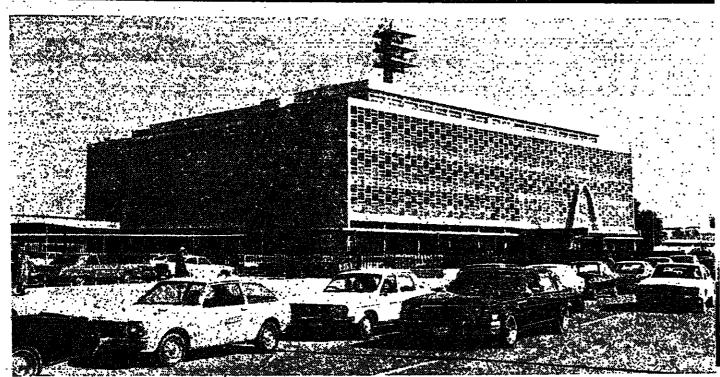
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KUWAIT XI



A 50-member committee has been appointed to consider the re-establishment of a democratic system for Kuwait. The original National Assembly building (above) will be replaced by buildings now under

Moves to encourage new industries

INDUSTRY IN Kuwait, now no tion of their oil and gas, there less than in the past, is dominated by oil. If the Kuwait future industrial development in foreign labour, which Kuwaitis of expatriate community. So far Government has shown more forethought than some other oil-producing States in looking beyond the day when its immense resources eventually begin to dwindle, it has not yet firmly fixed on a strategy to replace hydrocarbons in its есолоту.

Indeed, it appears to take the view that in a country with few other raw materials, there would be little point in attempting even to evolve such a strategy. Better, as many Kuwait economists see it, to concentrate on making the best use of hydrocarbon reserves in order to spread the benefits as far ahead as possible.

Yet Kuwait has given, and continues to give, a good deal of serious attention to ways in which it might diversify. In the hydrocarbons industry itself, it is in the process of carrying out a major overhaul of existing to yield substantial amounts of by-products suitable as feedstocks for a range of new industries including a proposed \$120m tyre plant and a \$20m

melamine plant Two other major projects, for an olefin complex and a hydrocarbon aromatics plant, worth around \$500m apiece, are officially in the planning stages. The State-owned Petrochemical Industries Company is negotiating with potential partners and is carrying out commercial and technical feasibility studies. Yet there is some doubt on the part of observers in Kuwait whether either of these huge down-stream investments will actually materialise as originally envisaged at the PIC's Shuaiba com-

remain interested in principle order to be viable. Not least, ance jobs t in further downstream exploita- they will have to be capital industries

the Gulf as a whole should be taken into account.

Kuwait wants to see life breathed into the various bodies that already exist to co-ordinate major investment decisions and to avoid costly duplication.

Far more than other Gulf states, Kuwait is ready to invest in plants elsewhere rather than build them itself: thus persistent reports have it that the proposed aromatics plant may, with Kuwaiti participation, be constructed in Bahrain or Qatar. Besides the wish to avoid

wasteful duplication of complex and expensive facilities, Kuwait is under several other constraints as it considers the future course that industrialisation ought to take—and not only that of the oil and petrochemicals sector.

Housing policy

preoccupied with evolving a more efficient housing policy and, with it, new physical planning criteria. Space for large new industrial projects is scarce, and there is also growing concern to avoid industries environmental problems: recent

serious.
Officials at the Planning Ministry and at the Industrial Bank of Kuwait (the joint private-State institution immedilex. they will need to be sure in labour suitable for the highly whether it trained servicing and mainteners and interested in principle order to be viable. Not least, and judged in the suitable for the highly whether it trained servicing and mainteners to live on.

are unanimous in believing is far too high already.

These conditions, as Kuwaitis recognise, make it extremely hard to identify sectors suitable for expansion. Over the past two decades, the Industrial Bank has helped to create an industrial structure that is already widely diversified, already widely diversified, financing companies that are engaged in building materials industrial planning can point systems, shipbuilding and repairing, vehicle parts and assembly, metal extrusion, tin manufacture, electrical engineering, paper recycling, soft drink bottling and poultry

farming among other things. In several of these areas, Kuwait is, as a result, approaching self-sufficiency and is able export to neighbouring

further in these areas, Kuwaiti potential planners seem to have few shelved or directed elsewhere than by any clear trend in pean recent proposals.

of the olefin and aromatics spirit does exist, doubts still projects away from Kuwait, the remain about the wisdom of that would add further to State has also decided against basing marketing calculations on iron and steel (despite its the assumption that economic ecological studies of the Gulf shareholding in the West links with Iraq or with the itself have underlined the fact. German Korf direct reduction smaller Gulf states will necessitate the control of the that pollution is aiready group) and against aluminium

smelting. Ideally. Kuwait planners would like to see the existing base strengthened by new in-vestments in capital-intensive do not appear unduly concerned. ately concerned in financing industrial projects) agree that several criteria will have to be met by future undertakings. They will have to be clean, and there are difficulties here, too. Increasing degree, investment in the several criteria will have to be clean, and the several criteria will have to be clean, and the several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to several criteria will have to be clean, and to an increasing degree, investment in capital-intensive do not appear unduly concerned.

Sectors, such as electronics. Yet Oil, financial services, and to an increasing degree, investment in capital-intensive oil increasing degree, investment in capital-intensive oil increasing degree, investment increasing degree, investment increasing degree, increasing degre

solve not to raise the numbers of expatriate community. So far it seems to have proved hard to persuade young nationals to go in for engineer ing and technical careers in sufficiently large numbers to

meet the gap. It has proved equally hard in recent years to interest Kuwaiti private investors to put their money into industrial ventures. Officials concerned with out how far the private business community is already "spoilt" in Kuwait by cheap money from State institutions, tariff protection, customs concessions on imports of raw materials and machinery. low energy costs, cheap sites and virtually nonexistent taxation.

Hard to match

Yet, all this does not seem to be enough to entice many industrial projects, which can definite ideas about how indus- seldom match the enormous trialisation ought to proceed. It rates of return experienced in The Government is currently is easier to judge policy by the recent years on the local stock reoccupied with evolving a projects which have been market from property or from merely depositing cash in European bank accounts at current interest rates. And Besides the probable shifting even where an entrepreneurial sarily blossom in the near future.

If all this tends to put industrial diversification on the back whether it will hav eenough

Adrian Dicks

Surplus revenue continued from previous page

cent of reserves were of this variety, according to figures released by the Government Loans to Arab countries amounted to 15 per cent, other and the strongest currency because of basic strength and self-sufficiency of the U.S. economy. It has three portfolio managers amounted to 15 per cent, other and other investments. aid to them 10 per cent, partici-pation and loans to Kuwaiti companies, 19 per cent, funds invested in state organisations 18 per cent, and money placed with international organisations, 2

As a proportion of the total, such assets would have declined over the past two years.

General Reserve, rather than the Reserve Fund for Future Generations. The former does, however, contain some commercial investments, though generally speaking, less profitable ones. Also included are the gold and foreign exchange reserves of the central bank which amounted to the source. which amounted to the equiva-lent of about \$2.8bn at the end. of 1979, and also \$2.5bn to \$4bn in liquid form to cover a year's budget spending.

According to Kuwaiti officials, the total is more or less divided 50:50 between the General Reserve and the Reserve Fund for the future generations. The Government's investment income from both was calculated at KD 517bn, (\$1.9hn) in 1978, nearly 30 per cent of Government expenditure in that year.

Kuwait's long-term invest-ment strategy has aimed at holding about 60 per cent of assets in equities convertibles and real estate and most of the balance in bonds and other top-

The emphasis inevitably on Since the acquisition of St. In this respect, the most important vehicle so far has been the Kuwait Foreign Trading and Contracting and Investment Officials point out. Martin's Property Company, in accounts for some 60 per cent of the available equities in the world and almost as big a pro-

i de la companya de l

At the end of 1974, 64 per that ultimately it must prove of real estate in Britain is ent of reserves were of this the strongest currency because believed to be substantial.

apart from real estate—Citi-bank, Chase Manhattan and Morgan Guaranty. The concentration has been on blue-chip stocks, but such has been the increase in Kuwait's ownership of U.S. shares that it has increased its range of holdings.

The Kuwaiti Finance Ministry also sees the American real per cent compared with an average yield of only 3 per cent for Europe.

However. one unresolved cause for concern has been the legislative amendments designed to remove the exemption from tax, hitherto enjoyed by foreign

tax, hitherto enjoyed by foreign governments in respect of property owned in the U.S.

The Kuwaiti Investment Company, which is 50 per cent State owned, has also been active in the market, notably with its purchase in 1974 of Kiawah Island, off the coast of North Carolina. But that was a very much less than successful a very much less than successful

investment in Britain continues to be handled through the Kuwait Investment Office of immediate return.

of these assets can hardly (or not at all) be considered commercial.

portion of fixed instruments.

Despite the depreciation of ties have treated subsequent the Kenana Sugar Company's purchases. Kuwaiti ownership project in Sudan and its stake

The introduction of the requirement that holdings in UK companies of 5 per cent or more should be disclosed showed the extent of Kuwait's possession of British equities. But about half of investment revealed is in insurance companies while 17 of the 42 companies last listed as having a Kuwaiti stake of 5 per cent or more were investment

Kuwait's most outstanding industrial investments have been the shares taken in Daimler-Benz and La Ciotat, the French shipyard. These are now only the tip of the iceburg.

As part of its policy of diversification, a number of portfolios were set up four or five years ago. Those known to be handling them are Deutsche Bank, Dresoner Bank, Commerz bank, Swiss Bank Corporation. Union Bank of Switzerland, Credit Lyonnais, Algemene Bank Nederland, the Amsterdam-Rotterdam Bank, Sociéte General de Banque and Credit Bank (the last two Belgian). Others in Japan are managed by the Industrial Bank of Japan

and Mitsubishi Bank. Fears aroused by the U.S. freeze of Iranian assets has intensified attention on the potential for increasing Kuwait's investments in the Arab world and developing countries that has always been a strong political aspiration, but one hard to realise because of administra-

The Kuwait Hotels Company (50 per cent state-owned) has equity in a number of ventures. The Kuwait Real Estate Investment Consortium, in which the Government has a 20 per cent share, is undertaking investment projects in the Arab world. Kuwait is a shareholder of

the Gulf International Bank and the Arab Investment Company. A new venture, late last year, and being launched jointly with Libya, is the Arab Bank Corporation, a Bahrain-based offshore finance house. Its purpose is to carry out a full range of commercial, merchant and or commercial, interest of the control of the contr Kuwait's desire to deploy more of its surplus wealth for the development of the Arab world where viable projects exist and a modicum of security is

The talk in Kuwait now is increasingly about investment in productive enterprises and natural resources, especially agricultural development and exploitation of minerals.

The State has shown its intent with its involvement in the Kenana project and the joint-company formed with Maure-tania, aimed at fulfilling its potential for producing iron and phosphates. The former, at least, is unlikely to be profitable

for the foreseeable future.

Kuwait acknowledges the difficulties confronting inter-regional investment. But for political reasons it will intensify its efforts in that areabut not at the expense of a healthy investment income from the West.

Richard Johns



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Dramatic changes in the last 30 years

KUWAIT FELT the force of Sheikh Abdullah was confronted a sq ft and it has been soaring massive oil revenues soonerdramatic form-than any other His own instincts and the tradi-Arabian oil state. The deluge was a result of a combination always been more closely bound of circumstances, all entirely to the local merchant combeyond is own control.

(now BP) in 1951, which led to the oil companies' embargoing oil from Iran, then by far the biggest producer in the three-quarters of its oil supplies. The company had to look for replacements.

The obvious answer to BP's problems was Kuwait, where the company had a 50 per cent the 1950s), but with the prestake in the concession and where, in the later 1930s, it had discovered the Burgan field, which was then thought to be the biggest in the world. Furthermore, through a lucky accident of geology, Burgan was not only large but just a mile or so from the coast and extremely easy to produce. To

this day, the oil flows entirely under its own pressure from the reservoire into the holds of the tankers ten miles offshore. As BP embarked on a crash development programme, Kuwaiti production rocketed. The second windfall was the 50-50 profit split, which was introduced in 1948 by the Venezuelans, who then sent

delegations to the Middle Eastern countries to explain the new system. In Kuwait's case, 50-50 was agreed in the first half of 1951 and it increased the State's revenues per barrel from 22 cents to about

Kuwait's oil revenues at that time were paid one year in arrears (a system that continued until 1964), so the combined effects of the new tax deal and the Mossadeq crisis were not felt until 1952. But then the effect was colossal. In that year, the State's revenues jumped from \$18m to \$56m, and in the following year, when Kuwait became the biggest oil producer in the Middle East and the fourth biggest in the world, its income reached

By chance, it happened that the surge in Kuwaiti oil revenues followed closely on the accession of a new ruler, Sheikh Abdullah Salem, a liberal man, who was better suited to the new times than

with the question of what to do upwards ever since with the flood of new money. tions of his family, which had munity than had the ruling

The starting point was Mossa- families of other Gulf states, deg's nationalisation of the dictated that he should distriment) but also to build apart-Anglo-Iranian Oil Company bute his wealth among the ments for letting to immigrant bute his wealth among the population. So, over the next few years there evolved a whole series of Government practices which were the Ruler's way of Middle East, and to BP losing putting his decision into effect.

These practices began in an ad hoc manner, without the Ruler ever announcing a formal policy (which would have been unthinkable in the Arabia of spective of time they are now seen as the foundation of most of the economic and social attitudes that are regarded as being distinctively Kuwaiti.

Ruler's decision

Naturally, it became the practice to employ as many as pos-sible of the population in government: this was a simple extension of the traditional system of tribal patronage. Employees were also overpaid for jobs which often required only perfunctory attendance and symbolic effort. A key development at an early stage, in 1952, was the Ruler's own decision to order British contractors to take Kuwaiti partners. From this decision, which involved Shaikh Abdullah simply appointing a merchant partner for each contractor, stemmed the Kuwaiti policy of insisting that nationals have a majority of all businesses in the state.

The most important method of enriching Kuwaitis was, and still is, land-buying. At the very first meeting of the De-velopment Board in January 1952, it was decided not to peg land prices in Kuwait.

It is doubtful whether anyone foresaw what the significance of their decision would be in the long term, but on the basis of the free land price policy there evolved the Kuwaiti Government practice of buying land at inflated values with the specific intention of enriching Kuwaiti citizens.

When the board first started Shuwaikh, now an industrial area to the west of Kuwait city, it was paying under 10 cents a Ten years later, the sq ft. tive predecessor. Immediately, price had already reached \$150 of Government. He was by far State land clearing scheme.

Over the years, the land purchase policy has come to benefit almost all of the indigenous population, giving citizens sufficient capital to build not only their own houses (on land leased back from the governforeigners.

Today, over 70 per cent of Kuwaiti families have their own private income from rents. In the short-term, however, the biggest beneficiaries of the land policy were some of the

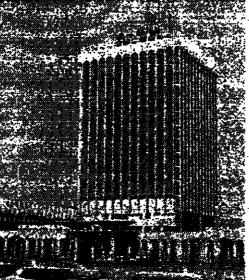
merchant community, who were given land by the ruler, and other members of the al Sabah family, who laid their claims to land by going out at night and cordoning off large pieces of desert with oil drums. Although nobody specifically

own the desert, it was not open to anyone to stake a claim, as pioneers could on the American frontier. Insofar as anyone was supposed to have had title to it, the land outside the town had been taken to be the property of the Ruler and the al Sabah in general, which meant that nobody outside the members of the al Sabah would dare land-grab unless he had the connivance of a powerful

Kuwait was the source of the first Arabian "Golden Cadillac" The Ruler, Shaikh Abdullah Salem (1950-65), was a goodly man, well-loved by the elders of Kuwait, and known for his moderation and balance of judgement, which were the qualities for which he had originally been elected. How-ever, he did not like detailed administration. He shrank from over-ruling the decisions of other powerful members of the al Sabah and became depressed to the point of melancholia when confronted by family disputes, all of which meant that much of what went on in his

state was beyond his control. The most influential figure in Kuwait at the time was Shaikh Fahad Salem, a large, strong man, who was half-brother of the Ruler and the son of a negro slave girl. (Today, one of the main streets of Kuwait city is named after him.)

Basing his empire on the allembracing Public buying land for development in Department, he gradually ex-Shuwaikh, now an industrial tended his control over more and more of the administration until he was directly responsible for nearly half the departments



Left: The Television and Radio Centre, Kuwait. Right: Another new hotel rises on Hilali Street, Kuwait city

the biggest spender of Government money, requisitioning millions from the Finance Department with no more than a hand-written chit and giving no explanation as to why he wanted the money.

Inevitably, this gave him retronage.

great powers of patronage. People would seek a job in PWD to become rich.

Fahad was feared by Kuwaitis. though those Europeans who knew him say that it is difficult to tell why, because he was a pleasant, affable man, without any particular brutality in his

character.
The cruel and bombastic mem ber of the family was Shaikh Abdullah Mubarak, Fahad's bitter rival and the son of Shaikh Mubarak the Great (al Kebir), who ruled Kuwait in the early years of this century. Abdullah was a braggart feared for his capricious nature even though people made jokes about him, which they never did about Fahad.

There was also a rather sorry. fatuous aspect to the man. As well as being the official heir apparent (even though it was widely expected that Fahad would succeed in practice), Abdullah Mubarak was head of the police and the army; he awarded himself the rank of Field Mar-

His behaviour in this role is illustrated by his reaction when well-established Kuwaiti family in the late 1950s refused

As a defiance of Government authority, Abdullah Mubarak decided that the matter fell within his bailliwick in the police department. He told the family to get out-or "face the

consquences."
When the family barricaded itself iuside its house, he turned up in uniform with two 25-pounder guns and threatened to open The family thought Abdullah was bluffing. So he loaded high explosive shells and fired. According to a wifness, shells went straight through the building, screamed over the town and exploded in the desert, where they killed a woman. The beseiged family "tumbled out of

the house at a rate of knots." The incident was regarded as being typical of Abdullah, but it shocked Kuwaitis. It concerned property, which, since 1952, has had a hallowed significance in Kuwait, More important, the incident affected a family of Kuwaiti citizens, not some wretched Iranian or Pakistani

Sudden end

The era of Fahad Salem and. Abdullah Mubarak came to a the mantle of obstructing in January 1963). rather sudden end. There was a series of political disturbances in the later 1950s, when the younger generation of Kuwaitis was much affected by Nasserof political clubs and demands for a constitution, a parliament, to leave its old house in the a proper budget and more posi-Safat area to make way for a tive Kuwaiti association with the rest of the Arab world.

apparent's influence. In :1961. Abdullah Mubarak, shortly be-In every way the years 1959-Kuwait. Independence in June,

In response to these stirrings,

the ageing ruler, Abdullah Salem, and other senior mem-

Fahad in early 1959 into giving

up some of his posts in a general restructuring of the administra-

tion. Then Jaber Ahmed, who

had been given the Finance Department, refused to grant

funds to PWD in the casual way

that Fahad had come to expect

in fact, never held office again.

grimage at Mecca.

assassinated.

had

not

been

of British troops for a few acter of modern Kuwait months and then their replace. ment by an Arab League force. Anxious to gain international acceptance and admission to the UN as quickly as possible, the Government dispatched a series of diplomatic missions to other Arab and newly independent countries, which on their return recommended the establishment of an international aid fund which would show Kuwait to be a responsible and outward-looking member of the world

Out of these recommendations emerged the Kuwait Fund for Arab Economic Development, established in December 1961, and indirectly (after a substantial time-lag) the Kuwait Foreign Trading Contracting and Investment Company, which although mainly commercial in its operations is Arab and Afri-

and this, in turn, caused Fahad A significant aspect of these developments was the introduc-tion into an important position to make what he thought would be a tactical resignation. Fahad, of one of the first and best of He died of a heart attack in the Kuwaiti technocrats, Abdlatif al Hamad, who in 1962 Bahrain on his way to the pil-grimage at Mecca. The albecame the KFAED's director-Sabah were at great pains to

At the same time, the roling see that a proper autopsy was carried out for whatever Kuwaitis thought at the time. family put its house in order at home. In response to the demonstrations of 1959, it was conceded that there should be The death raised the awful a constitution and a national prospect of Abdullah Mubarak becoming ruler after Abdullah assembly, and at the end of 1961 Kuwait held its first elec-Salem, though, as it turned out, tion, for a Constituent Assembly the ruler lived on for another to draft the constitution and six years. Jaber Ali, the ruling discuss the future workings of family's able but maverick the National Assembly. /Elections for the National Assembly cynic, took over the Public were held just over a year later, Works Department and assumed

Abdullah Mubarak, among other In mid-1961 a new Governthings building an artificial hill ment was announced, giving for the first time ministries to on his own land in front of Abdullah Mubarak's palace, to young technocrats who were not block out his view of the sea. members of the al Sabah. Hitherto, the big merchants But with full independence

about to be granted by Britain, had exercised an informal influit was felt by the whole estabence on the affairs of State lishment, ruling family and through consultations with the senior merchants, that some ruler, but now there were comthing fundamental had to be moners who had actual execu-

the Ruler made it known to refuse the requests of imporshelkhs. This had a shatte fore his departure on a visit to effect on the members of Beirut that it would be better ruling family, who had if he were not to return from viously been accustomed to garding the State virtuall their own property.

1961 marked a watershed for . In the background there the steadily growing influen 1961, was followed immediately. Jaber Ahmed, a pleasant by the threat of annexation by clever man who has prol Iraq, which led to the return done more to mould the anyone, apart from Sh Abdullah Salem.

Shaikh Jaber Ahmed did become Prime Minister 1965 and Ruler until the of 1977, but even while he Finance Minister in 1959 6 become the most assertly the Kuwaiti ministers. He a very definite concept Kuwait's nationhood and the State must go about serving its sovereignty minimising the degree to with suffers from the pressurhaving bigger neighbours.

Iragi threat

As early as 1961, A Abmed refused to allow British troops who had con fend off the Iraqi threat it the schools as billets, bec he disapproved of the Br presence and wanted to 1 the British look as uninve as possible with the Ki Government.

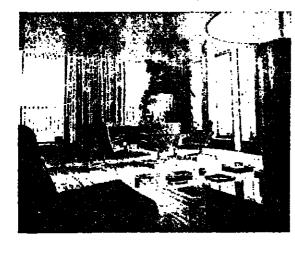
Now Jaber Ahmed's idea seen in Kuwait's tough lin oil prices and production le its ardent support for Palestinian cause (which beyond what would be dic by purely domestic consi tions), and its refusal to seen to be under We influence in such matter making large and prompt tributions to IMF petrod

recycling funds.
Jaber Ahmed acknowle that there are many deci in the Arab political a which Kuwait is oblige make, whether it wants i not. His philosophy is th Kuwait can be seen to be some of these things as a m of its own conviction, and leaders of the Arab work neighbours will come to of Kuwait as a less vulner stronger, "bigger" State. the pressures on it to bo the will of its neighbours

Michael F

TODAY IN THE HEART OF KUWAIT A CONCEPT AS MODERN AS TOMORROW

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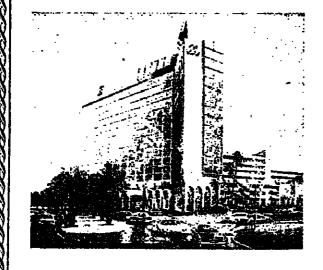
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Israel's nagging mood of insecurity

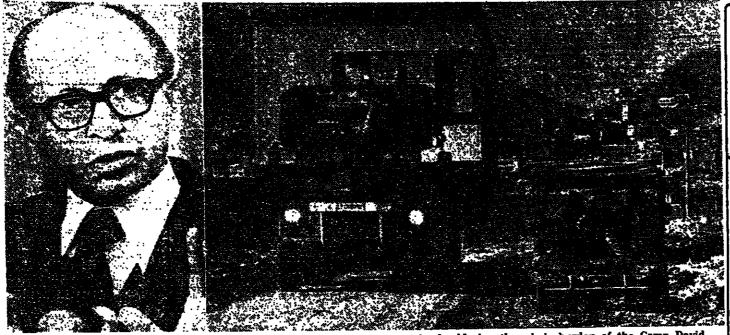
BY REGINALD DALE, recently in Israel

IN CAIRO last week the Israeli flag was hoisted for the first tune ever over a Jewish Embassy in an Arab capital. Just three years ago, such an event would have been unthinkable. there is little euphoria in Israel at this symbol of the two countries efforts to normalise their relations in the wake of the historic Camp David peace agreements. On the contrary, many Israelis now fear that their Jewish State may be facing one of the most difficult periods in its precarious 32-year history.

It is not that the so-called "peace process" has lost support in Israel. Most Israelis still believe that it should be given a chance to prove itself in practice or demonstrate once and for all that it cannot work. But suspicion of Egypt remains deeprooted. Even among those who ecknowledge that peace is in Cairo's interests too, there is a fear that the Egyptians might at some stage in the future be drawn into new hostilities against their will. Now, nervousness has been added by fresh tension in the Lebanon strength and sophistication of the Syrian and Iraqi armed forces on the country's eastern

In some individual cases, the peace process has led to specific grievances. The settlers preparing to pull out of Northern Sinai are bitter about abandoning their homes and Government in Jerusalem. Both compensation, and information about it, they complain, have been inadequate. Long-standing settlers in the Jordan Valley resent the activities of the fanatical Gush Emunin sect that is aggressively trying to settle new areas while the fate of the West Bank remains undecided. Such people, the earlier pioneers say, give Jewish settlements a bad name in both

world and Israeli opinion.
Underlying such personal preeccupations is a wider feeling
that the Western world has not fully appreciated the sacrifices that Israel has made in the interests of peace with Egypt most notably the withdrawal from Sinai and its oilfields. As Prime Minister Menachen Begin outs it, the whole burden of implementing the peace treaty over the last nine months has fallen on Israeli shoulders. Support and understanding from the U.S., which could normally be expected to reach a high point in an American Presidential election year, has not fulfilled Israeli expectations. Washington, in the Israeli view, has failed to understand that the real threat to the



Israel's Prime Minister, Menachem Begin (left), feels that his country is shouldering the whole burden of the Camp David agreement. A truck is pictured (right) carrying a house trailer for a new Israeli outpost near the West Bank city of Nablus

instability throughout the Arab Begin's alarmist view that a world, and of course from the Palestinian Government would Soviet Union, not from the Palestinians on the West Bank. immediately call in massive Soviet military aid is widely Europe, for its part, has been duped by Yasser Arafat into believing that his Pulestine Liberation Organisation (PLO) has genuinely forsaken violence

More immediately, recent Syrian troop movements in the ebanon have stirred fears of a Syrian offensive that might, even, in the view of some Israelis, be backed by a powerful Iraqi expeditionary force. circles, there is growing concern furthat in the not too distant future. If If that succeeds in forcing President Anwar Sadat of Egyp. acquire nuclear weapons. Some to pull out of the Camp David fear that Israeli youth, brought process, Israel would have process, Israel would have harded back Sinai and its oil up against the background of a modern consumer society, may wells for nothing. than their pioneering forebears. Last but by no means least, the foundations of that very con-

Veering

Europe (thouth

Even for Israel, that is a long list of preoccupations. Many of them are not without foundation, although they eiten look a little different through Euro-pean eyes. It is true, for example, that European public opinion has veered towards the Palestinians in recent (tons, and that a tretter reduction in PLO terrorist activity in Western

may be one figher behind the other consideration: one is growing European distante for Israeli policies, is cremplifed by new solvente, in the one pied territories, ottocks on civilians in southern Lebento the real threat to the garded as far more strategically witnessed at first hand by Dutch East comes from important than Sinai, and Mr. and Irish troops with the United

(UNIFIL)—and the generally colonialist flavour of Israel's presence in Gaza and the West Bank. The other is the growing on the West Bank say they realisation outside Israel that the PLO's endorsement is essential if there is to be a genuine solution to the Palestinians' solutions likely to be accept the to avaloue the to make the problems. But it is hopeless to the problems the to make the proposals about the Exercise proposals. try to explain this to most Israelis, who tend to explode

disagreement.

It is equally true that the U.S. is not coming up trumps in usual election-year fashion. President Carter's fiscal 1980-1981 budget has disappointed Israeli expectations, at a time when the country is desperately short of foreign capital. The Jewish lobby in Washington is opinions of Israel itself-for pean public opinion. Neverthe-Israel remains, in the words of one U.S. official, "a permanent feature of Government policy

Following recent appointment Linowitz as President Carter's special Middle East envoy, the Americans are expressing confidence that the deadlock in the autonomy talks can be resolved and that the Pales indefinitely in the Jordan Valley tinians, whatever they say in in sufficient numbers to resist

That may be over-optimistic. that a thrust up one or more Haddad. But they do not ex-Leaders of Palestinian opinion of the five passes through the clude the possibility that Syria on the West Bank say they barren West Bank mountains is "coat-trailing"—looking for about the Egyptian proposals that would confer a much with megaton force at the first greater degree of self-rule) breath of outside criticism or disagreement.

West Bank's inhabitants would vote in the envisaged elections for a new self-governing authority. (The Israelis would put mass abstention down to PLO intimidation.)

Federation

But even if the Palestinians less powerful than it used to be accepted the proposed five-year and increasingly divided in its transitional arrangements, that would not answer the ultimate much the same reasons that question: is there or is there have been influencing Euro- not to be not to be a Palestinian State? Mr. Begin will have none less, the overall American of it: the Palestinians say they commitment to the support of will settle in the end for nothing less. The opposition Labour Party, while officially favouring splitting the West Bank with Jordan, is privately toying with the idea of an Israeli-Palestinian-Jordanian economic federation

on the lines of Benelux. But whatever the outcome, virtually all shades of Israeli opinion are united in insisting that Israeli troops must remain

would place an enemy in a position to drive down to the Mediterranean, bisecting the country at its parrow waist.

That, together with the spectre of an "Islamic bomb," is the threat most dreaded by

OCCUPIED TERRITORIES

MEDITERRANEAN SEA

El Arish

Israeli generals and politicans. To the south, the Sinai with-drawal is inconvenient. It means building new air bases in the more cramped confines of the Negev desert and losing some early warning stations. But the generals are confident that they could re-take the Sinai if necessary. Provided it stays demili-tarised, as foreseen under the peace agreements, the Sinai would remain, in the words of one Israeli military analyst: " an Israeli military playground " in time of war. With Egyptian armoured formations only just east of the Suez Canal the Israelis would anyway have some 36 hours to deal with the Syrians in the north before Egyptian tanks arrived at the country's southern border.

For the moment, the Israelis confess they are not sure what Syria is up to-although they have a sneaking fear that an offensive could be in the offing. Fost analysts discount a frontal Syrian assault on the Israeliheld Golan Heights or the narrow southern Lebanese inflation. But the balance of buffer zone held by Israeli- payments is in yawning deficit

Saudi Aratia Nations' peace-keeping force public, will finally accept the an attack across the river from backed Christian militia units (UNIFIL)—and the generally outcome as an interim solution, the East. The great fear is under Lebanese Major Sa ad an excuse to start a new war

Jerdan

of attrition, conducted by artillery and missiles, which could cause serious Israeli casualties. If Israel could be branded as the aggressor in such a war, pressure would mount on President Sadat to ឲជី contacts with Jerusalem.

The nuclear threat is further down the road. But at least one senior Israeli general insists that the Pakistanis will be in a position to supply the Iraqis with a nuclear bomb by 1983. They might not be able to provide a delivery system. But the Israelis are adamant that they cannot afford the risk of one single nuclear strike, however primitive, on their small. crowded country. With the very survival of the State of Israel at stake, the Israelis would at some point clearly have to go public with sufficient detrils of their own undoubted nuclear capabilities so as to deter on attack. In the meantime, the economy

will have to brought under control if the State is to resist erosion from within. With salaries, wages and tax bases largely linked to the cost-of-living index, everyday life has been substantially cushioned against the phenomenal rate of inflation. But the balance of

(making American financial support that much more vital) and unemployment is creeping steadily upwards. That is particularly serious in a State which feels morally and religiously obliged to provide a job for every Jew who chooses to live there.

The new Finance Minister, Mr. Yigael Hurwitz, is generally thought to have made a good start in tackling the problem, but for some Israelis the medicine is worse than the cure. Mr. Hurwit's dractrian credit squeeze is provoking howls of agony from a credit-starved industrial sector. Business is bad, because, with inflation at current levels, Israelis are for once stopping to think before they buy and exports too have been severely hig. Mr. Shimon Perez, the leader of the Labour Opposition, says that if he wins the next election it will be the result of the failure of the Govern-ment's economy policy rather than its foreign policy.

But for the moment, it is foreign policy, or at least the peace process, that is most pre-occupying Mr. Begin, a man not. in any case, well versed in economic matters. As long as the Camp David momentum can be maintained, and President Sadat, or a like-minded successor, remains in power in Cairo. Air. Begin can claim to have neutralised the country's most important traditional enemy. But so long, too, as the Palestinian problem remains un-solved, and Mr. Begin continues to regard the autonomy of the West Bank in much the same way as Moscow regards that of Lithuania, Israel will be sitting on a time-bomb-if only because the rate of increase of the Arab population is dramatically faster than that of the Jewish.

Young Israelis

It may be true, as the Israelis constantiy maintain, that few if any Arab countries would see their interests served by the emergence of a maverick Palestinian State. But neither are they going to abandon the Palestinians to their fate. Equally, if new generations of sophisticated young Israelis, are going to be prepared to spend two, three or four years in the army, and many years thereafter in the reserves, they must be left in no doubt of the justice of their country's cause. If it all goes wrong and they are called on to fight in the future, they doubtless will. But they will do so more willingly if they know that every possible avenue to peace has first

Letters to the Editor

examinations

From Miss J. M. Pierce

Sir.-As one who has sat at both sides of the desk as a lecturer and student of the Stock Exchange examinations, I was interested to read Mr. Bradshaw's (Feb. 15) and Mr. Mallinson's (Feb. 19) letters on the subject.

What Mr. Bradshaw terms archaic rules and regulations I would feel are surely the corner stone of any long established body: for example, our own legal system. But these of course eed constantly up-dating. If Mr. Bradshaw reads the rules and regulations of the Stock Exchange he must surely be aware how many amendments there have been over the years since the Stock Exchange is constantly reviewing its own pro-

I would agree that the ability to think and speak clearly is important and it is these very attributes which the Stock Exchange examinations are intended to develop. Surely given these "tools of the trade" the investment adviser is in a better position to advise clients on their portfolios and I speak as one who has spent a lifetime stockbroking with many ears as an investment adviser. I note Mr. Bradshaw feels that a knowledge of foreign languages is necessary in stock-

broking but in all my years in this profession. I have never been called upon to use mine! In my experience not all students take the examinations with the sole intention of becoming members but may feel that the additional profes-sional qualification may be a useful yardstick by which prospective employers may measure their abilities. A mountaineer climbs mountains because "they are there " and this is precisely why I took the examinations myself: simply as a challenge but they have helped to widen my experience and in today's world of specialists within specialists I feel it is important

not to become too insular.

Stock Exchange

I note Mr. Mallinson's comment on the privileged and well heeled and recall that when the examinations were first held it the examinations were first held it

and chosen the path of modera-

In both military and political

Iraq will either develop or

have less stomach for the fight

sumer society are now under threat from within. With infla-

tion running at an annua! rate

of over 150 per cent at the end

of last year, the value of money

to many Israelis has become

Meanwhile the future status

of the West Bank and the Gaza

Strip, with their 1.2m Arab inhabitants, remains unclear-

although the so-called "auto-

Camp David agreement are

meant to be concluded by May

26. Any move towards the establishment of a Palestirian

State on the West Bank makes

most Israelis distinctly jittery.

The area is unanimously re-

negotiations under the

virtually meaningless.

nomy '

effect! There may well be deficiensystem but examinations

student or as a lecturer? Perhaps the solution to the problem is with the lecturer and the Stock Exchange which might like to offer some form training for

22, Woodrush Way, Chadwell Heath, Esser.

From Mr. Dudley S. Leigh

Today's Events

Select

UK: Mrs. Margaret Thatcher appears on BBC TV programme Rover Triumph announces TR 7 convertible sports car.
International Electrical
Exhibition opens, National Exhibition opens, National Exhibition Centre, Birmingham (until February 29). Overseas: Organisation for Sconomic Co-operation and Development meets Turkish delegation to discuss medium

PARLIAMENTARY BUSINESS House of Commons: Private

Members' motions on energy; small husinesses; and on immi-gration. Timetable motion on

came as a shock to many that they did not pass Stock Exchange practice. It is to be hoped that this had a salutary

cies in the Stock Exchange notice that Mr. Bradshaw offers no solution. Would he perhaps like to see some form of oral examination or perhaps prefer made compulsory so that a new limited liability company would to include other subjects. It has been suggested in some quarters the investment paper should be more mathematical. Although an aptitude for figures is important I do not consider that it is a profession for only highly trained mathematicians. Another problem has been the difficulty in obtaining good lecturers on the subject. If the standard is poor it is surely not entirely the students'

fault for failure but a great deal of responsibility must rest on the shoulders of the lecturer. As a student I encountered both very good and very poor lecturers who either did not turn up or when they did, you wished they had not because they made an interesting subject sound boring. I wonder how many lecturers have had either teacher training or have passed the examinations themselves? Like Mr. Mallinson I wender if could still pass the examinations myself? I also wonder whether I learnt more as a

Not so limited liability

Sir.—Isn't it about time Par-liament took another look at the doctrine of limited liability

Committees:

Subject: Thames

Social Security Bill.

House of Lords: Bees Bill, report: Education Bill, second

Tidal Defences. Witnesses: Permanent Secretary, Ministry of Agriculture. Subject: Livestock Agriculture. Subject: Livestock improvement scheme for crofters. Witnesses: Department of Agriculture, Scotland. Room 16, 4.45 pm. Home Affairs. Subject: Public Order. Witnesses: Commission for Racial nesses: Commission for Racial Equality. Room 8, 5 pm Treasury and Civil Service. Subject: Efficiency of Civil Service. Wit-Efficiency of Civil Service. With the sometimes more worthly and on our Government to expose Drogcott, nesses: Mr. W. L. Kendall, Civil appropriate to the location, the the all too commonly accepted 49, Riddlesdown Service National Staff Side. 1980s and 1990s and the re-fallacy that merely because two Purley, Surrey.

timited company carries with it are sure c. respectability for many contion could provide the directors of limited limit comparies would be personally liable for the debts of the company up to say £5,000 (adjusted periodically). Alternatively a bonding arrangement could be

have to contribute say \$5,000 to common fund available to unsecured creditors in the event collanse. Should a new venture not bé able or wish to meet the oblig tion it would trade openly as an unlimited company as at Either way the principle of

limited liability remains intact. but a fairer balance is struct: between the right to protect the risk taker and to protect his suppliers and customers.

The introduction of such a change would do much to dis-

courage the formation of "mickey mouse" companies by dubious entrepreneurs and of intricate chains of inter-related companies used primarily for tax avoidances. No doubt nonexecutive directors would also much more carefully about assuming new directorships simply to add a respectable name to the company's

notepaper.
Dudley S. Leigh.
15, Half Moon Street, W1.

Development of docklands

From Mr. F. Tibbalds

Sir.—In the next few days the docklands development organisation will be making a decision which could be of tremendous significance to London and the nation, and in which all of us concerned with urban planning cannot fail to be keenly interested. This is the selection from some 15 interested tenderers, of a consortium (or consortia) equal to the daunting task of halting the extensive urban decay which now charac-Surrey Docksterises the largely derelict square mile of

Central London. Not a lot has been published yet about the ideas that have been put forward for this unique site, but can I appeal to the decision-makers to look beyond the familiar short-term expediency of the "shops-andoffices - with - perhaps - a - bit-of- used to call into question the recreation" type scheme usually continued existence of the wheeled out on these occasions,

nical competence, awareness merging their identities and and innovativeness? Some publicity has already

been given to an imaginative remain and unusual proposal to create new mini-city of research and technology. This postulates a concentration of scientific, technological, creative and productive enterprises and aims to meet an already widely expressed need from Britain's academic and industrial institutions.

I carry no brief for the originators of this splendid idea : just regret that I didn't think of it! coming as it doc: however, at a time of economic gloom and the prospect of a drab end to the 20th century. this sounds just the sort of thing to capture the nation's imagination and restore our confidence in our ability to be at the front edge of innovative, creative thinking and action. I'd like to think our decisionm-kers will have the guts to give something like this a try.

Francis Tibbalds, 39, Charing Cross Road, WC2.

Sharing an island

From the Secretary, Ulster Unionist Council

Sir.—It was with considerable surprise that I read your editorial's (February 18) des-cription of the weekend speech of the Irish Prime Minister, as studiously moderate." The reality of the situation is that the Irish Republic's continued assertion of a claim to exercise sovereignty over Ulster, has a destabilising effect on the com-munity. Not only are the lawabiding rendered more fearful for their future but the terrorist takes heart from the facade of respectability which is given to the objective which the IRA holds in common with the Irish Government, namely that of detaching Ulster from the United Kingdom

There is an unexplained selfcontradiction inherent in the expression of concern for the rights of the people of Ulster, while contemporaneously wholly ignoring the fact that threequarters of the electorate seek only to remain citizens of the United Kingdom. The right to self-determination is the most land, paradoxically close to fundamental right of all

The Government should not underestimate the insidious effect on morale in this beleaguered part of the king- British economy with their ultidom, of a failure to reply to the Irish Republic in the same manufacturing base. Seen in this robust manner, which it has context, the fight being waged United Kingdom. The onus is on our Government to expose

generation and harnessing of nations share the one island. the nation's resources of tech they should be pressurised into

> Ulster Unionist resolve to British will not either by terrorist shaken, • studiously bullets. moderate" words. Norman Hutton, Unionist Headquarters. . Glengall Street.

The British disease

From Mr. R. Colcy

Sir.—The Zapussi success story (i ebruary 21) comments upon the apparent preference by the British customer for all things foreign.

In many fields he or she has

little option. When buying a dishwasher my wife was unable to find a machine of British manufacture on offer. The choice lay between the products of various European or Scandinavian countries and in selecting a washer made in France by subsidiary of the multi-national General Motors, design was the deciding factor. When choosing a fridge freezer made, it tran-spices, by Zanussi under the Electra label it was the straightforward, uncluttered design which influenced its purchase. No home-produced appliance was comparable on price, appearance or specification. Our taste may or may not be typical but in both cases we were genuinely anxious to buy British and would have done so if our requirement could have been met.

Design is paramount but only so long as it is allied to reliability and projected into the market place by a manufacturer with whom the customer can feel comfortable. This is where BL went wrong. Despite innovaengineering, exciting de signs and a wide product range, BL has been let down by appalling quality control. assembly faults and downright ineptness With years of strikes, disputes and management failures having left an indelible mark on the buying public the disapproval and weariness with it all manifests itself as a conscious decision to buy foreign. Indeed many people must have pondered as to whether BL was really a "comic cuts" world which as a by-product happened to produce a few cars.

The only winners, now that it has been realised other countries make a better product, will be those who, with some success, have sought to undermine the mate aim of destroying our by Sir Michael Edwardes is of wider significance than just BL.

" Draycott," 49, Riddlesdown Road,

Houdini had a reputation for getting in and out of impossible situations. But that was before Securimaster.

Securimaster looks simple, but is highly intelligent - a sort of electronic mastermind to keep out intruders.

The only way Securimaster can be persuaded to let people gain access to a security area is by presenting an authorised, electronically sensitive pass. Each pass is different and linked to an individual. Any stolen or lost passes can be 'locked out'. Added benefits are that the unit can be linked to a central system and a data recorder to give printed records of all entries.

Even the use of one card to admit two people can be foiled and an alarm system can be introduced to give visual or sound indications of forced entry.

No human being was so obstinate when crossed or so

helpful when required.



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OUARTERLY REPORT

OPERATING AND FINANCIAL RESULTS

Hill & Smith hoping to make acquisitions soon

Smith continue to investigate many possible acquisitions and it is hoped that progress will be able to be made in this field in the not too distant future, Mr.

Given a settlement of the steel strike and no further major disruptions, the chairman is confident the group can resume its record of profit growth this year. In the year ended Sept-ember 30, 1979, pre-tax profits were down from £1.05m to £880,138. The fabrication and 2880,138. The taorication and forging divisions' profits were lower but steel stockholding had

a good year.
The chairman refers to the High Court action over a new product last year in which the group wan on copyright but lost on patent infringement. Both parties appealed and the Court of Appeal upheld the earlier decision on copyright and reversed the previous decision against Hill and Smith on patent infringement.

The other party has appealed to the House of Lords against the patent decision and it is likely to be October 1980 before this is heard, the chairman says. In the event of the plaintiffs being successful in the House of Lords, there would be a liability which at present cannot be quantified. Costs incurred to date have been charged against profits and no account has been taken of the recovery of costs as at present granted.

Meeting, Birmingham, March

Fodens chief to retire

Mr. Leslie Tolley will be retiring from the chairmanship and board of FODENS, the Cheshire-based vehicle maker, on

Mr. Tolley, who is 67, is also chairman of engineering company Renold, and the British Institute of Management. He joined the Fodens board in 1975. He will be replaced as nonexecutive chairman by fellowdirector Mr. J. D. Paybody, who

and 273.6p per 25p capital share, is also chairman of Manchester prior charges having been valued Dry Docks and Morrell Mills.

30 Share Index.

BOARD MEETINGS

is hoped that progress will be able to be made in this field in the not too distant future. Mr.

T. Hampson Silk, chairman, says in his annual report.

Given a settlement of the steel shown below are based mainly on last

amounted to £919,190.

Earnings rise

seen by Second

Alliance Trust

The directors of the Second

Alliance Trust Co, expect earn-

ings per 25p share to exceed

compared to 7.21p last time. The

exceptional arrears of income of

The interim dividend is lifted

as forecast from 2p to 2,25p to reduce disparity — a total of

7.76p was paid last year on net

AREAS OF the northern North

Sea designated in November as

Shelf are to be made subject to

of the Wireless Telegraphy Act

1949 and the Radioactive Sub-

The merger of BMCT and

Bernard Wardle and Co. is not to be referred to the Monopolies

has told international oil com-panies to continue their search

Islands group in the South China Sea despite objections from Vietnam which disputes control

Pertamina. Indonesia's state-

wned oil company, recently

signed an exploration and pro-

duction-sharing agreement with

Esso covering an area in the dis-

Other companies involved in

covers around 20,000 square km

include Mobil Oil. Chevron, Texaco, Marathon Petroleum and

Meanwhile the Indonesian unit of Union Oil of California has

made an oil discovery offshore

The well, Attaka 16, flowed at a rate of 2,286 barrels a day of 39 degree low sulphur crude oil

from three zones between 6,807

and 7,621 feet.
Attaka 16 is located near the

existing Attaka oil field in an area jointly held by Union Oil

and Indonesian Petroleum Com-pany of Japan, under a produc-

tion-sharing agreement with

The Attaka field has been in

production since 1972. Current output is about 91,000 barrels a day. Additional drilling is planned to evaluate the new

The local unit of Standard Oil of California has discovered oil in the Sudan. The discovery well, Unity No. 2, 450 miles

East Kalimantan.

Pertamina.

of the area.

OIL AND GAS NEWS

Indonesia ignores

boundary dispute

North Sea

legal move

tion on March 13.

stauce; Act 1960.

NO PROBE

TODAY
Finals—Alexanders Holdings. Charles
Baynes, Rensomes Sims and Jefferies.
Rhodesian Corporation, Ward Holdings,

FUTURE DATES

London Shop Property Trust ... Feb. 28 Finals— Allen Harvey and Ross Habit Pracision Engineering ... Moorside Trust

Good start by Martin the Newsagent

For the first 19 weeks this year to February 10, retail sales including VAT, of Martin the Newsagent showed an increase of 15.5 per cent over sales for the same period last year, Mr. J. B. Martin, the chairman told the annual meeting

Excluding VAT, the percentage increase became 11 per cent on sales of £36.07m, he added.

Growth at Tor Investment

Revenue of Tor Investment Trust rose from £228,882 to £318,907 in the six months to January 31 1980, before tax of £109,811 compared with £81,882. Gross income increased from £308,930 to £409,424.

The net interim dividend is lifted from 2.345p to 2.8p, and the directors intend to recommend a final of at least the same rate as last year's 4.375p. Net asset value is 64.3p per

at par. At the year-end, these THE THROGMORTON TRUST LIMITED

Extracts from the circulated statement of the Chairman,

Mr. M. Elderfield, F.C.A., M.B.C.S.

INVESTMENT POLICY

objective of the Trust. However, during the year some funds were switched into larger companies which, it was considered,

offered more defensive merits against the worsening economic

NET ASSET VALUE

of your company, taking prior charges at par, increased by

5.6 per cent from 99.3p to 104.9p, compared with a rise of 3.9 per cent by the Financial Times Actuaries 500 Share Index and a fall of 12.6 per cent by the Financial Times

DIVIDENDS

CAPITAL FOR INDUSTRY LIMITED

FUTURE PROSPECTS

recession do not provide the ideal background for a Govern-

ment to undertake a major redirection of the economy. With the benefits of any success for these policies at least

12 months away, the Government's resolve will be tested in

Copies of the report may be obtained from the Secretary 25 MILK STREET, LONDON, EC2V 8JE

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10

years. Interest paid gross, half-yearly. Rates for deposits received not later than 7.3.80.

Deposits to and further information from The Chief Cashier.

Finance for Industry Limited, 91 Waterloo Road. London SEI 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC

141 141 141 141 141 141

share for the year (4.875p per share last year).

of Capital For Industry Limited.

Your directors recommend a total dividend of 5.55p per

Your directors are pleased to announce the recent acquisition by your company of all the investment holdings

At home, rising rates of inflation and the prospect of

The net asset value attributable to one ordinary share

Investment in small companies remains the long-term

Throgmorton's investment policy change Though investment in small

UK COMPANY NEWS

companies remains its long-term objective during 1978-79. Throg-morten Trust switched some funds into larger companies figures were reported as 59.4p and 239.08p respectively. which it considered offered more defensive merits against the worsening economic background, At January 31, 1980, investments were valued at £10.03m Mr. M. Elderfield, the chairman and net current assets, after prostates.

viding for interim dividends, Currently the stock market is performing well but the directors feel that 1980 will see a repeat of the violent fluctuations of recent years he says.

As known, on February 13 the trust announced that it had agreed to buy all the investment holdings of the Grindlays Bank subsidiary Capital for Industry, for £3.99m cash.

For the year to November 30, 1979. Throgmorton reported tax-able revenues up from £3.05m to £3.64m and net dividend raised 9.6p in the year to July 31, 1980.

to 5.55p (4.875p).
At year end investments amounted to £45.71m (£43.41m) of which £44.16m (£42.12m) were listed in Great Britain. The uninvestments was £13.47m

The main changes over the year in the trust's equity porttaxable revenue of £2.29m (£2.04m). The net asset value is 238.7p (229.5p). folio included, in percentages, electricals down from 19.3 to 12.8, and stores up from 5.8 to 10.1 and oil from 0.1 to 2. Meeting, 25, Milk Street, EC, at 12.30 pm on March 17.

SHARE STAKES

McCleery L'Amie Group-B. H. McCleery has bought additional 564,000 shares making holding

of the UK Continental 1.05m (8.14 per cent).

Archimedes Investment Trust —Amisford Investment Company has increased helding of capital shares to 92,000 (7.5 per cent), bringing A. W. F. Clapperton's A jurisdiction order for this was passed in Parliament on Thursday and comes into operatotal interest to 153,150 (12.5 per It brings certain North Sea installations within the scope

African Lakes Corporation Rhodesian Railways Contribu-tory Pension Fund has sold 35,000 shares of the holding registered in the name of Consolidated Nominees reducing holding to 8.8 per cent.
Bridport Gundry (Holdings)—

R. W. Holer, director, has bought 25.500 shares.

at rates up to 2,900 barrels a day.

exploratory well drilled in the

Sudan by Chevron since 1976 and

is eight miles south of Unity 1 which contained the first signs of

Chevron holds exploration

The Ben Nevis 1-45 appraised

rights on more than 120,000

well, drilled on a separate struc-ture 24 miles south-east of the

tains estimated net potential hydrocarbon-bearing sands of a

total thickness of 100 ft, according to Mobil Canada, operator of

Both the Ben Nevis 1-15 and

the Hibernia P-35, drilled about

three miles west of the original Hiberoia find, contain zones of

interest which will be tested after completion of drilling.

the previous operator of the venture, identified three zones

of oil accumulation in the P-15 well capable of producing at a

Columbia Gas Development

BRUNNER INVESTMENT TRUST —
Results for year to November 30, 1979, reported on December 22, 1979. Investments at valuation quoted UK 15 74m (£16.9m), abroad £6.79m (£5.93m), unquoted UK £552,222 (£249.901), abroad £654.613 (£641.011).

f£249.901), abroad £654.613 (£541.011). Meeting, 20 Fenchurch Street, EC, March 14. 12.45 pm.
COUTWALL (garment manufacturer)—Pre-tux profits of Coppernob, the company's trading name, jumped from £10,144 to £175.808 in the year to December 31. 1979, on tumover up from £730.400 to £1.3m Mr. G. I. Fields, the chairman, says that although sales and margins are slightly below projections, the company has given an extremely satisfactory performance in the present volatile situation.

rate of 20,000 barrels a day. Other participants include Petro-Canada, Gulf Canada and

IN BRIEF

In January Chevron Standard,

the Hibernia venture.

oil in the Sudan interior.

square miles in the Sudan.

The successful well is the 12th

Feedex Agricultural Industries

—J. R. Williams, director, has
sold 25,000 shares.

£10m for loan top-ups POLICYHOLDERS with the Standard Life Assurance Company will in future be able to take advantage of the top-up loan facility that is being made avail-

Lord Catto chairman of the industrial and commercial group

Yule Catto and Co. which is expected to announce its

1978/79 results today.

Standard Life earmarks

take advantage of the top-up loan facility that is being made available from March 17, 1980. The facility, however, will not

apply to housebuyers who are not policyholders of the company. It will apply solely to existing policyholders who are already borrowers through building societies or the company's subsidiary Heritable Securities. Association using a Standard Life policy to repay the loan. To be eligible for the top-up, the policy must have been in force at least two years.

above the basic building society mortgage rate—at present 17 The company is making up to

£10m available in 1980 for top-up loans and has taken this action primarily to assist policyholders. Housebuyers using a Standard Life policy to repay a loan-the company is a top performer over 25 years—found that when they need top-up facilities, they could not get them from the company So they had to surrender their Standard policy, making a loss The maximum top-up loan issued will be £10,000 or 50 per cent of the building society loan, whichever is the less. The total contract with another life or pany. This situation will longer arise. on the deal, and take out a new contract with another life com-

pension contract aimed at the self-employed has been launched by the Marine and General Mutual Life Assurance Society, incorporating the latest improvements in such schemes. It takes its place alongside the company's successful executive pension scheme in its Design for Retirement series.

The plan is a regular premium, with profits deferred annuity contract providing maximum flexibility over the payment of the contributions. The death benefit before retirement can either be a return of the contributions or if selected at outset the cash value of the accumulated pension benefits.

At retirement the pension can

of the investor or it can be slightly lower in amount, with payments guaranteed for at least five years, or it can be paid to

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times: Cluff Oil (Australia) (Section: Overseas - Australia) Gulfstream Resources (Overseas

Wereldhave (Property)

Quarter .9 Months ended ended 31.12.78 31.3.79 31.12.79 31.12.79 PRODUCTION (Tonnes) 89 314 270 533 287 508 368 332 12.825 38 541 47 585 Lead and Zinc ... 60 015 834 _ 372 927 Cobait SALES (Tonnes) 78 284 269 474 365 551 Copper ... 42 372 56 239 Lead and Zing 222 £ 066 1 378 Cobalt Average proceeds per K1 591 K1 067 K1.159, K1 654 488.9 Sales revenue—all metals . 148.3 318.0 441.1 . 396.7 309.6 Cost of sales . Interest payable, less receivable and other (17.8) _{15.9} (22.3)(7.0) Share of profits, less losses, 0.9 0.5 of associated companies Profit/(loss) before (44.5) - (0.1) Profit/(loss) after 25.9 Profit/(loss) brought (6.8) 20.5 (6.8)(14.1) 19.1-57,8 APPROPRIATIONS: (0.3)(1.5)(3.2). (1.4)Preference Shares 0.1

NOTE: On 20th February, 1980, K1=US dollars 1.27509 and KI=UK £0.55845 (on 26th November, 1979, KI=US dollars 1.26269 and K1=UK £0.58162). 22nd February, 1980

59.6

61.0

57.8

Profit/(loss) carried

forward

(13.8)

(14.1)

20,5

19.1

31191

10:45%

New personal pension contract from MGM

A NEWLY designed personal paid during the remaining life

be taken either as a full pension

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 8EB Telephone 01-521 1212 Twinlock Ord.
Twinlock 12% ULS
Unilock Holdings
Walter Alexander
W. S. Yeates

LG. Index Limited 01-351 3466 Lamont Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the small investor.

CORAL INDEX: Close 453-458 (-1)

SANKYO ELECTRIC CO., LTD.

(Sankyo Denki Kabushiki Kaisha)

U.S. \$25,000,000

81/4 per cent. Convertible Bonds 1995

Daiwa Europe N.V. Banca del Gottardo

Bayerische Vereinsbank

B.S.I. Underwriters Limited Robert Fleming & Co. Limited Fuji International Finance Limited

Morgan Stanley International Westdeutsche Landesbank Girozentrale

Amsterdam-Rotterdam Bank N.V. Bank Julius Baer International Limited

AMAS S.A. Bank of America International Limited Banque Internationale à Luxembourg S.A. Bayerische Landesbank Girozentrale BNP-Daiwa (Hong Kong) Limited

Cazenove & Co. (Overseas) Creditanstalt-Bankverein Crédit Industriel et Commercial Daiwa Securities (H.K.) Limited

Hill Samuel & Co. Limited IBJ International Limited Kleinwort, Benson Limited Manufacturers Hanover Limited Mitsubishi Bank (Europe) S.A. Morgan Grenfell & Co. Limited New Japan Securities Europe Limited The Nikko Securities Co., (Europe) Ltd. .

Nippon Kangyo Kakumaru (Europe) Limited Nomura Europe N.V. N.M. Rothschild & Sons Limited. Rothschild Bank AG J. Henry Schroder Wagg-& Co. Limited

The Taiyo Kobe Bank (Luxembourg) S.A.

United Overseas Bank S.A. Vickers da Costa International Ltd. S.G. Warburg & Co. Ltd. Yamaichi International (Europe) Limited

Baring Brothers & Co., Limited Berliner Handels-und Frankfurter Bank James Capel & Co. Carr, Sebag & Co. Chemical Bank International Group Credit Suisse First Boston Limited DBS-Daiwa Securities International Limited Dresdner Bank Aktiengesellschaft Antony Gibbs Holdings Ltd. Goldman Sachs International Corp. Istituto Bancario San Paolo di Torino

Bank of Tokyo International Limited

Merrill Lynch International & Co. Nippon European Bank S.A.

Saitama International (Hong Kong) Limited Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited Wako International (Europe) Ltd. Yamatane Securities Co., Ltd.

man's observations on prospects Group fixed assets £28.65m (£22.43m) Net current assets £15.28m (£15.39m) Maching, 386 Euston Road, N.W., on March 12 as careful fixed f **Share Warrants to Bearer** Meeting, 385 Euston Road, N.W., on March 13 at noon.
LOOKERS (motor vehicle distributor)
—Results for the year to September 30, 1979, reported January 24 with chairman's observations on prospects. Group fixed assets £8.59m (£3.55m). Net current assets £3.54m (£3.75m).

On 19 December 1979 a proposal was announced whereby Unicorp was to become a wholly owned subsidiary of Genmin. The proposal which applies to all Unicorp shareholders ("Scheme Members") save for

GENERAL MINING & FINANCE CORPORATION LIMITED

(GENMIN)

UNION CORPORATION LIMITED

(UNICORP)

(Each company is incorporated in the Republic of South Africa)

Notice to Holders of

Genmin, its subsidiaries and nominees, is subject to the approval of "scheme members" and involves inter alia a scheme of arrangement between Unicorp and its "scheme members" in terms of which 80 Genmin shares will be allotted for every 100 Unicorp shares held by "scheme

Details of the proposal have been posted to registered shareholders and copies of the documents are available from any of the undermentioned addresses from which details are obtainable of the procedure to be followed should any holder of share warrants to bearer desire to attend in person or by proxy or to vote at the scheme meeting and the general meetings convened for 19 March 1980 to consider the resolutions to implement the proposal.

Credit Suisse Paradeplatz 8 8021 Zurich Switzerland

Swiss Bank Corporation l Aeschenvorstadt 4002 Basie Switzerland

Credit du Nord 6 & 8 boulevard Haussmann France

Lloyds Bank International (France) Limited 43 boulevard des Capucines 75061 Paris Cedex 02

96 boulevard Haussmann 75361 Paris Cedex 08

95 Gresham Street London EC2V 7BS

per pro UNION CORPORATION (UK) LIMITED

25 February 1980

Banque de l'Indochine et de Suez

Union Corporation (UK) Limited

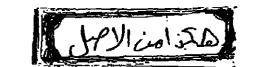
By Order of the Boards London Secretaries

L. J. BAINES

WESTERN SELECTION AND DEVELOP-MENT COMPANY (finance company)— Pre-tax profit for year to September 30, 1979, £269,170 (£271,250). Tax £85,068

(£101.066). Earnings per 20p shara 2.46p (2.28p). Second interim dividend 1.225p, making unchanged 2.1p.

1 JAMOS LITA 3



Price

Lead manager

Kredietbank (Lux.)

KIIC, Nordic Bank.

S. G. Warburg

Svenska Handelsbanken

U.S. CREDIT MARKET

Control rumours reverse bond slide

A RUMOUR flashed through demand. Wall Street in the closing hours — The π Wall Street in the closing hours of trading last week that the of course, from the effects of Government was going to the Fed's increase in the dis-Government was going to the Fed's increase in the dis-impose credit controls in order count rate the previous Friday

markets: bond prices instantly rebounded from their sickening slide of the last few weeks, and prevailing rates. At one stage gained half a dozen points or Fed Funds were trading at over

It came at the end of a week which brought more appalling economic news: the consumer price index for January was up 1.4 per cent (an annual rate of over 18 per cent), and the prime rate moved in a couple of sharp leaps from 151 to 161 per cent, a record gain to a record level. Factory orders were up too, by 4.3 per cent in-January, pointing to the underlying strength of the economy and therefore of likely credit

U.S. INTEREST RATES

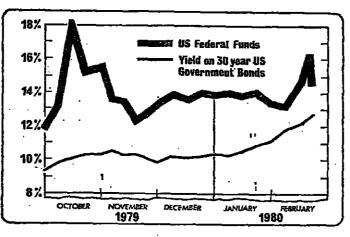
3-month Treas. Bills . 3-month Comcl. Paper Fed funds wkly avgs. Treas. 30-year Bond . Long-term AAA Utility

to crack down on inflation.

It had a predictable but During the week, the Fed powerful effect on the credit appeared to lift its Fed Funds upper limit to over 151 per cent to accommodate the higher 18 per cent, reflecting the very tight conditions at the short

> At the long end, prices lost two or three more points over the week before the last-minute rally. At their nadir, the new government 30-year bonds were yielding 12.64 per cent, up from 11.84 per cent when they were auctioned only two weeks before. By the close on Friday, the yield had backed off to 12.56 per cent.

end of the market.



will never be imposed because and put forward an economic it would take foo long).

But the timing of the rumour wages and prices, as well as the er cent. was not accidental. The mar-dollar. Implicit in what he In a sense, it is surprising ket had been alerted earlier in called for was some measure of

that rumours of credit controls the week by one of its most control over credit. did not hit the market earlier, influential gurus that drastic. In fact, the White House The president has the authority measures were necessary if the reiterated its position at the In fact, the White House to impose them at any time country was ever to escape the end of last week that wage and 13.10 without recourse to Congress grip of inflation. In a widely price controls are not under narrowed definition of money in 13.10 (the same is not true of wage reported speech, Dr. Henry consideration. Furthermore circulation and current 14.40 and price controls: these need Kaufman of Salomon Brothers there is a strong feeling in the accounts, fell by \$800m to 13.125 congressional authorisation — said that the government should market that even if the government \$376.2bn, also following a sharp 12.625 which is a guarantee that they declare a national emergency ment were to introduce credit rise in the previous week.

controls, extremely difficult to administer. However, the strength of the market's reaction on Friday to the rumour is an indication of the pass to which it has come. and of its traders' willingness to believe that drastic measures could materialise. Last week also saw the

enunciation by Mr. Paul Volcker, the Fed Chairman, of the growth targets for the new monetary definitions. The targe most widely noted by the mar-ket was that for M 1B, the measure which includes the newly-popular interest-bearing current accounts. This is to be 4 to 6.5 per cent between the final quarter of 1979 and that of 1980, compared with 8 per cent of 1978-79. This reduction is viewed as moderate, and its revolation had little or no impact on the market.

In the Fed's latest report on Friday, M 1B fell by \$300m to \$392.8bn, compared with a sharp rise the week before. M 1A, the

INTERNATIONAL BONDS

BY FRANCIS GHILES

Another lurch on the big dipper

FEW BOND DEALERS will yields offered on bonds of longer than usual to answer whose coupons had recently bonds posting greater falls. Two The dollar sector of the Euromaturity diverged wildly.

It was not difficult to transact losses. Some good institutional bond market experienced what

"It is quite normal that the large quantities of bonds buying of shorter dated FRNs many described as its worst market should have shrunk and (between \$\frac{1}{2}m-\frac{1}{2}m\) at a time was reported on Friday.

Of the three new issues bond prices posted average falls pared to take positions as large of 41 points. As was pointed out as would be the case in more in Kidder Peabody's weekly stable markets," argued Architelex to investors. "the question bald Cov markets," argued Architelex to investors. "the question bald Cov markets," argued Architelex to investors. "The question bald Cov markets," argued Architelex to investors. "The question bald Cov markets," argued Architelex to investors. "The question bald Cov markets," argued Architelex to investors. "The question bald Cov markets," argued Architelex to investors. "The question bald Cov markets," argued Architecture and that the spread on price quotations generally remained launched last week in the dollar sector, two were in the form of the last the price of the last parents are quotations generally remained launched last week in the dollar sector, two were in the form of the last parents are quotations generally remained at 1 per cent. in Kidder Peabody's weekly telex to investors, "the question of basic confidence is only too apparent at the longer end of the market which has borne the brunt of the recent selling." different from what other

Price falls of up to just over nine points were recorded on securities markets have experi-some longer-dated issues, while enced in similar circumstances." others fell between five and

through did not make for unhappiness all round; quite the reverse. Leading market makers advantage of arbitrage oppor- curred. tunities had one of their busiest and most profitable weeks in

bald Cox, managing director of

eight points during the week. prices had weakened even, provided more opportunities for The crunch the market went further on Friday morning, swaps according to one fund interesting business to be done view such a development as with institutions," according to unhealthy, simply "inevitable" strongly resisted the idea that Authory Dyson, assistant manage given the circumstances. As for Mark and the Swiss Franc section market was crumbling and ing director of Manufacturers stop loss selling, some, on a tors were hit by the weakening rate. insisted that those dealers who Hanover Ltd, a view with which were short and quick to take many other leading bases can were short and quick to take many other leading houses con-

YEN STRAIGHTS

major shake out, transacting bonds in any reasonable London branch of the U.S. investment bank, Morgan Stanley.
"What happened in the Eurobond market last week was no
different from what other two points.

widely diverging prices on the After straight dollar hond same issues. But this simply rate. The third issue was a small there was some exceedingly manager who said he did not great wave occurred.

forget the events of last week. similar quality, coupon and their 'phones, they added that been readjusted suffered greater.

issue for BNP offers an interest wo points.

the same interest rate but
Market makers were quoting pegged over the six month mean
ridely diverging prices on the between the offered and bid convertible for Community Psychiatric Centers.

All the other major sectors of the Eurobond market suffered price falls. Both the Deutsche The Floating Rate Note widespread conviction that International BV was able to All things considered, the sector held up well as the domestic interest rates in both basic market mechanism func- straight sector flew into its air- countries would continue to tioned adequately last week, pocket. Prices weakened by move up. D-Mark bond prices S. G. Warburg. This bond was Though institutional investors about a point on the week, slipped by over 2 points on the fully underwritten by the numerous through the week as agreed that many dealers took though longer dated FRNs week with older lower yielding managers.

issues were announced last week, both for prime borrowers, Gasunie and Australia. The German Capital Markets Sub Committee which meets today is not expected to agree to a volume of new issues for the next month anyling like as large as last month (DM 740m.).

Swiss Franc honds posted falls of 23 points on the week and the latest public issue, a countries in the medium term Sw.Frs 100m ten year issue for the World Bank is to carry a coupon of 5? per cent, 1 per cent higher than what Austria paid less than two weeks ago. French Franc denominated

bonds lost up to two points last Friday following the rise earlier, in the week of the French commercial bank's base week. Finance for Industry the deht. complete a £20m issue carrying a coupon of 14½ through S. G. Warburg. This bond was

U.S. DOLLARS tElsezier-NDU 8.75 Pierson, Heldring \$\$†Standard and Chartered Finance NV Schroder Wagg 5,31 §Gearhart Finance NV †SOFTE (g'teed STET) S. G. Warburg Credit Lyonnais, Istituto ††Export Devel. Corp. §Community Psychiatric 1985 Centers †BNP Merrill Lynch Int Nat. Bank of Abu Dhabi †C. ITOH (g'teed Dai Ichi Kangyo) 1987 519 PARIBAS D-MARKS Commerzbank Deutsche Bank **Australia SWISS FRANCS #BNDE (g'teed Morocco) 38 BNP (Suisse), Banque 6¶ 100 ‡§**Sogo Dep. Store **Kingdom of Norway **Nitto Electric Ind. 1985 1985 SBC

1990

1985

CURRENT INTERNATIONAL BOND ISSUES

Maturity Av. life Coupon

Nederlands Credietbank YEN (bn) RENFE (g'teed Spain) 16 Nikko Sec. 1992 Yamaichi Sec. Not yet priced. ‡ Final terms.
 Placement. † Floating rate note.
 Minimum. § Convertible,
 †† Registered with U.S. Securiues and Exchange Commission.
 † Purchase Fund.
 Nota: Yields are calculated on AIBD basis.

14

10

FLOATING RATE DEBT BY PETER MONTAGNON Interest rises dwarf spreads

THE SHARP rise of Eurodollar past two or three years, veloping countries faced with heavy balance of payments income financing requirements as a re- ments. sult of higher oil prices. In the space of a week the six month Liber rate has jumped to 17 ic per cent from 15%.

Borrowers

World Bank

STERLING

GUILDERS

UNITS OF ACCOUNT

Union Bk. of Norway 18

Svenska Handelsbanken 15

‡FFI FINANCE INT. BY 20

SPECIAL DRAWING RIGHTS

In terms of its impact on overall debt service costs, such an increase far outweighs the wider spreads now slowly credit market. The OECD, for example,

debt of third world countries is likely to rise to between \$95bn and \$100bn by the end of this year from about \$80bn last December, On this basis each one point rise in world interest rates adds no less than 81bn to overall debt service requirements of the countries incurring

But the effect is likely to vary from country to country as many developing nations have increased their reserves substantially through borrowing on

interest rates must come as an This means they can now the end of last year amounted acute disappointment to de-offset the higher debt service to some \$30bn so that each onepayments against higher interest point increase in world interest

> By contrast, OECD officials singled out four countries which account for almost all the recent debt is based, was tremendously increase in claims of inter- volatile last year with a monthly national banks against develop-ing countries. These are Brazil, Brothers, of 10.5 per cent in South Korea, the Philippines, June and a high of 15.31 per national hanks against developand Mexico.

For these countries the On the basis of this range, calculates that the floating rate

income on their reserve invest- rates adds \$300m to debt service charges. In fact the Eurodollar rate.

cent in October.

picture looks increasingly bleak, Brazil's floating rate debt with the case of Brazil particu- service costs fluctuated last year larly disquieting. Brazilian by something approaching sources estimate that the \$1.45bn.

Public Works Loan Board rates

Effective from February 23 Over 5. up to 10 ... Over 10, up to 15...

Over 15, up to 25... 14} 148 quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include international markets over the principal and interest; § With half-yearly payments of interest only.

FT INTERNATIONAL BOND SERVICE

		-				
11 m DOI140				Chane	18 00	•
U.S. DOLLAR		mi.		day i		Viold
	Issued					
Alcoa of Australia 10 89	60	77°2	78	-0,		
Alex Howden XW 91, 91	30	695 ₃	70%	-34	-34	15,13
Appliaine Can. 114 85	30	t98	981,	-0%	-3%	14.81
Admiranta Can. 11-3 60		83		-13		
Australian Res. 9 84	30					
Avco O/S Cap. 104 87	40	74%	754	U	- 7 ¹	19.23
Beneficial Fun. 9% 87	700	777		-:1		
CECA Grad. Rate 12 86	100	1891	901,	-04	-23	14.40
CECA GIBO. Nate 12 GD	50	805		-4		
CECA 11% 90				~02		
Canadian Pacific 9% 89	50	75%				
Carter Hawley 97, 86	50	78%	76%	-0.5	-44	15.18
Comalco Lav. E. 104 91	43	77%	77%	~ 14	-4%	14.37
Continued Con Di 98	100	7812		02 ₄		
Continental Grp. 93, 86		684	607	-04	_42	15.54
Dome Petroleum 10 94	50					
Dominion Bridge 10% 84	30	85°r		-04		
EIB 114 92	80	20°	814	-24	-64	15.30
CID 114 02	100	83%	841.	~0%	-23	14.20
EIB 101 87	100	73%	74	~0%	_727	14 40
EIB 10.15 99			/4	-0,	_43	14 80
Ekportin 114 87	50	85°a	85'	-0-2	-43	14.07
Export Dv Cpn. 91, 84	100	84	84 2	11 ₀	-4.	14.70
Export Dv. Cpn. 94 84	150	85 a	85	~-01 ₄	-3₺	14.37
expert ov. opin or or	100	175	761,	-32	-63 °	14.94
Finland 99 89			761	-14	-41	1/1 70
GTE Finance 94 89	55	747				
GMAC 91 86	100	787,		~05		
GMAC D/S Fin. 11 84	100	- 88	881,	-04	-44.	14.53
Gould Int. Fin. 94 85	50	83	831	-O3e	- 2%	14.69
Capital little and contract	75	. 74	741.	-0.	-4	14.78
ITT Antilles 94 89			- 77.7	-04	_97_	E ON
Kennecott Int. 912 86	100	754	/974	-02	-31	14.00
Maritoba 912 89	7 75	76	7 0 .	-05g	-32	14.33
Michelin 10 94	135	712	72	-14	~7 '	14.87
Nat. Des Telecm. 97 36	100	80%	807.	-1%	43 ₄ '	14.33
MAT. DES TRIECHT OF DA	. 75	70%		-07a		
New Brunswick 9% 94				-0-	_==:	15 24
Newfoundland 10 94	50	70				
Norges Komm. 97: 99	100	-75	75 2	0		13.95
Norway 912 84	150	851	B5 4	$-c_{r}$	-34	14.30
Molaray 2.2 ca	50	74%	747-	-0-	- 54	14.97
Nova Scotia Pwr. 94 89		184	941	-15		15 C1
Occidental Fin. 104 84	50		94.3	_ '.2		13.84
Orient Lassing 312 85		182	82.5	. 0	- <u>-</u>	13.04
Pennwelt C/S F. 9% 84	25	827,	83,	-0%	~24	19.37
Pepsico Cop. 94 84	708	85		-0_{2}^{2}		
A show Huden 10 69	75	66°x	671.	-01	~67, 1	15.44
Quebec Hydro 10 93		891	002-	-014	- 27	15 21
Soors Roebuck 9 82	150		307	-1%	- 47	14 40
Statoil 9% 89	100	75%				
Sweden 9% 89	100	764		-07		
Sweden 91, 86	200	18012	817	-17	-5	14.74
Sweden 94 84	109	84%	851-	-1	-412 '	14.52
OWENER SE OF THE OT	100	761,	77	-012	-45	14.56
Undever NV 514 87			Ď.	-07	- 35.	14 16
Warner-Lambert 9 84	100	S3 >	547	-07		AL
Average price chang	es 0	n dêy	-0%	OD W	wa -	7
		-				

Average price changes On day -u's on week										
DEUTSCHE MARK			Char	ige on						
	asued	Bid	Offer day	week '	Yield					
	100	96	96% +0%	-11-	8.65					
African Dev. Bk. 8 87										
Asian Dav. Bk. 74 89	100	87 h		- 2						
Barclays O'soas 6% 89	100		20°5 — 1	-21	3.US					
BFCE 7% 87	700	9574	9674 - 03	-23	8.96					
BFCE 81 95	700	92%	93% -1	-3,						
Brazil 8 87	150		934 -0%	3.4	9.38					
CECA 7 91	150	871	884 -14	-3	8.76					
Council of Eur. 74 89	10D ·	891,	89707	, -2's	8.97					
Denmark 7% 86	100	· 94	94% -0	. – 24	5.14					
Donmark 81 92	100	- 96 ¹ 2	98% -0%	. –2	8.75					
EEC 7', 94	225	91%	9212 - 01	. — 25.	8.84					
EIB 74, 89	200	92	934 - 04	, -1%	8.52					
Finland Rep. of 8 86	150	951	96'0%	, — Z'e	8.79					
FINISHE NED. 01 C CO	150	873	3812 -11	- Z7a	9.01					
Kabe, City of 71s 89	100	a71.	9812 - 07	-3	8.39					
Neder, Gesunie 8 86	200 ·	DO.	914 0	_ 13 ₄	8.79					
New Zesland 74 87		82	82 -0	-12	9.02					
Nippon Tel. & T. 51, 87	100	0.12	971. ±01.	31	8.92					
Norges Komm. 7% 91	150 '	2170	91 0	_31.	8 92					
Norway 84 84	200	20.2	96% -04	17.	8.53					
Norway 74 85	250		20-5 -0-1	-2	8.67					
OKB 6 87	40	85	87 D	- 21	0.07					
OKB 74 89	100	90%	914 -0	-5	0.70					
World Bank 74 91	400	914	917, -07	Z'	0.09					
	250	92L	93 +0	2-	y.us					
World Bank 7's 50 Average price chang	es O	n day	-0-2 OU A	FESK -	24					
				٠.	. '					
DIMED CRASS			Char	ира оп	_ 1					
SWISS FRANC	leound.	Rich	Offer day	week '	Yield					
Aumar 5 88	. 60	913	91714	-24	6.20					
Aumar 5 88	750	872	884 0	-24	5.32					

OKB 6 87	-	1201	011		-24	8.75
OKB 7% 89	100	2074	017	_m_	-212	8.94
World Bank 74 91	400	31.4	91.1	-0.	-212.	9.03
World Bank 7% 90	250	25.2	_04		- 200	21.
Average price chan	ges ∟	TI DAY	-67	·		
						-
SWISS FRANC				Chan	98 011	le-La
STRAIGHTS	[ssuad	Bid (Offer.	day 1	week	T HEIG
Argentina 512 89		· 92 ˈ	924	-24	-32	6.65
Aumar 5 88	. 80	917			-24	6.20
Australia 35 89	250	. 87%	884		-23	5.32
Bergen, City of 44 91	40	89	89%	-24	-35	6.08
ENDE 5 89	75	83%	844	-0.	-224	7.39
BMW Overseas 41 91		907		+0.5	-25	5.29
Caisse Nat. Tele, 4's 89	100	904	902	+0~	-13	5.89
Canada 34 89		88	8812	-0.5	-24	6.29
Copenhagen 42 91		87	87 4	-0,2	-0%	6.04
Council of Eur. 5 89	100	927	974		-13	6.05
EIB 412 91	100	88	88,5	-62	-212	5, 9 5
EIB 47 94	100	857	85	-04	-01,	5.85 . 5.57
Elet. de France 43 89	100	91	91.	-00	-63	6.53
GZB 44 89	100	834	844	+6%	-54	5.18
Hilti 42- 91	35	· 51	93	+0-	-47	
IntAmer. Dev. 41 89	100	. 89	895	-07	-12	
Juliand Tele. 52 90	50	987	335	-6-3	-14 ·	7.00
Malavaja 5 89	. 80	86		0	-3	5.37
Мівлол Теі. & Т. 44 89	100	912	92	+1%	_3,	5.57
Nordic Bank 5 89	45	95%	96	+0%	-2	5.58
Norges Komm. 44 97	100	87°,	87			6.09
OKR 3% 91	700	81%		-014	-27 -27	6.24
OK8 43 91	, 70Ç	841	85	-0%	-37e	6.25
Oelo, City of 4's 91	700	841-		-0.	-23	5.54
Shikoku El. PWE. 44 89	100	94	947,	Ų,	-03	5.83
Spain 4 91	100	\$ 5 -	85.	-Ö1,	-04	
Stewesg 44 91	60	90		+0.	-24	5.92
Vcest-Alpine 41 89	90 '	90	81		-31	6.12
World Bank 4% 89	-100	93 ·2		40%	-44	5.49
.World Bank 43 69		891	89	−0°,	-34	6.98
	400	995	892	+0.	-21	5.95
World Bank 4's 11	mes . (n day	-05	on w	esk -	2 1
· Vatrada husa custs	*		- •			

16.29	Finland 5.5 85
14.77 14.40	Average price changes On day -0^{1}_{4} on week -2^{3}_{5} Change on
15.49 14.76	OTHER STRAIGHTS Issued Bid Offer day week Yield Avco Fin. 104 86 C\$ 25 804 814 -01, -01, 15.14
15.18	Bell Canada 10% 86 C\$ 60
14.37 15.00	Ex. Dev. Cpn. 10 84 US 50 87% 88% ÷0% -0% 13.95
15:54 14:77	Fst. Can. Inv. 10 84 CS 50 871 875 -02 -07 14.13 Hudson Bay 101 89 CS 60 814 821 0 -31 14.10
15.30	0 Ouehor 101 88 CS 50 813 823 +03 −33 14 90
14.20 14.69	R. Bk. Canada 10 86 CS 40 84° 85° 0 -3° 13.67 R Bk. Canada 10 94 C\$ 40 74° 75° +0° -3° 14.18 Copenhagen 8° 91 EUA 20 95 96° -1° -1° 3.37
14.89 14.70	Copenhagen 8% 91 EUA 20 95 96% -1% -1% 9.37 M. 8x. Drmk. 9 91 EUA 25 94% 96% 0 0 9.72
14.31) SOFTE 8¼ 89 EUA 40 85¾ 87¾ 0 0 10.53 ∤
14.94 14.79	Algemene Bk. 89, 84 Fl 75 93% 93% +0% -2% 10.03 Nad. Gasunie 8% 84 Fl 50 94% 94% +0% -2% 10.35
14.70 - 14.53	Nad, Gasunie 8½, 84 Fl 50 94½, 94½, +0½ -2½, 10.35 Nad, Middbk, 8½, 84 Fl 75 93½, 94½, +0½, -1½, 10.13 Norway 8½, 84 Fl
14.69 14.78	
15.80	Air France 11 84 FFr 120 194 95 -2 -21 12.61
14.33 14.87	Euratom 9½ 87 FFr 150 85½ 85½ +0½ +0½ 12.79 Finland 11 84 FFr 30 182 93 -3 -3 13.21 Finland 11½ 89 FFr 70 191 92 -2½ -3½ 13.07
14.33 14.75	Finland 11 24 FFr 80 182 93 -3 -3 13.21 Finland 11 28 95 FFr 70 191 92 -2' 2-3' 13.07 Gaz da France 11 84 FFr 150 85' 2 95' 2 +0' 2 -1 12.13
15.24	Gaz de France 11 84 FFr 150 951; 961; +01 -1 12.13 19M France 117, 84 FFr 120 1941; 951; -11; -11; 13.31 Renault 93 85 FFr 100 874 884 +02 +03 13.02
13.95 14.30	
14.97 15.51	Solvay et Cie 94, 87 FFr 125 829, 835, +0's -0's 13.56 Total Oil 9's 87 FFr 150 83 84 +0's +0's 13.09
13.84 15.37	Citicard 0/S 131, 90 f 50 931, 931, -91, -11, 14.80
14.32 15.44	Ginance to a lead 13 93 F 15 93 - 94 - 04 - 07 14.16
15.21	Gen, Elec. Co. 121, 89 £ . 50 901, 907, -014 - 11: 14.43
14.49 14.52	Indonesia 82 9) KD / 185 95') U U 5.74
14.74 14.52	Mitaubishi 71-84 KD 10 1951, 951, 0 0 8.71 Norare Kom 71-80 KD 12 1931, 931, 0 0 8.52 Occidental 81-31 KD . 7 1901, 901, 0 0 9.68
14.56	Ak20 91, 87 LuxFr 500 94 95 -01, -01, 10.30
14.16 -4%	Euratom 99 88 LuxFr 500 991 1001 0 +01 9.76
	EIB 9's 88 LuwFr 600 99's 100's 0 0 9.70 Volvo 9's 87 LuxFr 500 98's 99's 0 +0's 8.95
Yield	FLOATING RATE NOTES Sprond Bid Offer C.dla C.cpn C.yld
8.65 9.17	Allied Irish Bk. 54 87 04 874 98 2/7 154 15.47
9.05 8.59	Rank of Ireland 54 89 104 974 974 21/5 161, 16.54
8.96 9.38	Raiclaus D/S.lev. 5 90 0% 86% 97% 13/6 14% 14.77
8.76	Bergen Bk. A/5 ti 89 704 904 974 29/2 14.51 14.70 1
8,97 5,14	Citicoro D/S F. 5 94 104 98% 99% 8/3 14.44 14.60)
8.75 8.84	Citicorp O/S F. 83
8.62 8.79	Creditanetalt 51, 91 9704 974 984 14/5 14'1 12.16 1
9.01 8.39	CNT 51, 68
8.79	Jugobanka 6 69 0's 92's 53"s 23'5 (6 17:20)
9.02 · 8.92	
8.92 8.53	LTCB Jepan 57, 89 014 965, 577, 7/5 14.19 14.65 Mirs, Han. 0/5 54, 94 \$01, 981, 987, 29/2 13.81 14.01 Midlend Intl. Fin. 5 89 01, 981, 984, 20/6 15 15.23
8.67 8.75	Midland Inn. Fin. 5 65 64 564 567 25/7 14.69 15.14
8.94 9.03	
24	Nippon Credit 54 87 104 97/2 98 6/3 14.69 15.03 Royal Bk. Scot. 54 94 \$104 97/2 98/4 11/4 14/4 14/8 14.82
-	Nipport Create 54 94 \$104 \$77 \$82 \$174 \$14 \$14 \$17.
Yield 6.65	Sweden 61 91
6.20	TVO Per. 9 91 (D-lock) 04 1964 97 24/5 15.31 15.83 Williams & Givn 54 91 04 974 977 14/3 13 13.33 Bq. E. d'Alg. 44 29 SF 04 92 92 18/6 6.69 7.25
5.32 6.06	Bq. E. d'Alg. 44 89 Sr U's 32 32 10/0 0.09 /.c3
7.39 5.29	CONVENTIBLE Cnv. Cnv. Chg. BONDS date price Bid Offer day Prem
5.89 · 6.29	AGA Akt balsa 73 89 10/79 145 117 118 0 -7.57
6.04 6.05	Alea Ing Eta 51. 94 1/80 AG .93% 95 -0% 18.90
5,95 5.85	Cenon 6's 94 8/79 570 1074 1031, +018 2.73
5.57 6.53	
5.18	Daier Inc. 67- 94
6.02 5.87	Credit Sulsas 42 93
7.00 5.37	Mitsubishi Cp. Ft. 94. 10/78 804 1141, 1151, -0', 7.87 Nippon Seiko 74 94. 12/78 339 98 99 +0', -1.03
5.57 5.58	Nitto Elac. (nd. 0 34 ///3 /35 /14 /24 1 21/0
6.09	Toghiba Con. 74 94 19/79 196 941 96 -11 3.18 Union Bt. Switz. 5 89 2/80 125 103 105 -01 -2.26
6.24 6.25	Union 8t Switz 5 89 2/80 125 103 105 -04 - 2.26 Fulitsu 5 84 DM 7/79 475 984 924 -07, 25.35 Kansel Elec. 4 84 DM 4/79 1234 927, 837, -04, 49.69
5.54 5.83	Tokyon Ld. Co. 4 86 DM 4/79 493 74% 75 + 4% 87.62
5.92	Uny Co. 64: 85 DM11/79.1071 884 684 -14 25.36
6.12 5.49	The Financial Times Ltd., 1980 Reproduction in whole or in part in any form not permitted without written
6.98 5.95	ennant Data Slipping by- Inter-pont- Services, (4 .540s
23	sidiary of dataSTREAM International).

ield	YEN STRAIGHTS Issued Bid Offer day week Yield	Medium term Long term
1.47	Australia 5,6 83 30 851 851 0 -11 10.30	Feb. 22 87.86 11.65 72.27 13.10
5.13	Australia 6 ² : 88	Feb. 15 89.77 11.19 74.60 12.53
3.81 1.87	EIB 74 89	High '80 91.03 (2/1) 89.19 (2/1)
.29	Finland 6.8 88	Low '30 87.66 (22/2) 72.27 (22/2)
1.77	Average price changes On day -04 on week -24	
1.40	Change on	EUROBOND TURNOVER
5.49 1.76	OTHER STRAIGHTS Issued Bid Offer day week Yield Avec Fin. 104 86 CS 25 804 814 -04 -04 15.14	(nominal value in Sm)
5.18	Bell Canada 104 86 C\$ 60 851 851 -01 -21 14.24	Cedel Euroclear
1.37	Cr. Foncier 10% 84 CS 30 86% 87 -0% -0% 14.53	U.S. S bonds
5.00	Ex. Dev. Cpn. 10 84 C5 50 87½ 88½ ÷0⅓ −0⅓ 13.95	Last week* 612.5 1,930.4
154	Fst. Can. Inv. 10 84 CS 50 871, 875, -01, -07, 14.13	Previous week 514.9 2,044.2
.77	Hudson Bay 10 ¹ , 89 CS 60 81 ¹ , 82 ¹ , 0 ~3 ¹ , 14.10 Ouebec 10 ¹ , 88 CS 50 81 ¹ , 82 ¹ , +0 ¹ , -3 ¹ , 14.90	Other bonds
5.30 1.20	Quebec 107, 86 CS 50 811, 821, +03, -31, 14.90 R. Bk. Canada 10 86 CS 40 847, 853, 0 -37, 13.67	Last week 188.0 299.3
.69	R RV Canada 10 91 C\$ 40 745 75% +0% -35 14.18	Previous week 334.6 561.8
1.89	Copenhagen 81 91 EUA 20 95 964 - 11 - 11 9.37	
1.70	M. SK. DRML 9 91 EUA 25 34-2 50-2 0 0 3.72	
1.37	SOFTE 84, 89 EUA 40 S54, 874, 0 0 10.53 Algement Bk. 84, 84 Ft 75 934, 937, +04, -24, 10.03	* No information available—
1.79	Algement Bk. 874 84 Fl 75 93% 93% +0% -2% 10.03 Nad, Gasunie 8% 84 Fl 50 94% 94% +0% -2% 10.35	previous day's price.
i.70	Ned. Middbk. 814 84 Fl 75 934 944 +04 -14 10.13	
1.53	Norway 812 84 Fl 100 9314 9314 +012 - 11/2 10.28	i Only one market maker
1.69	Norway 81, 84 Fl 100 931, 931, +01, -21, 10.09 Philips Lamps 81, 84 Fl 76 94 941, -01, -01, 10.10	supplied a price.
.78	Philips Lamps 81, 84 Fl 76 94 941, -01, -21, 10.10 Aur France 11 84 FFr 120 194 95 -2 -21, 12.61	STRAIGHT BONDS: The yield
.80 1.33	Air France 11 84 FFr 120 194 95 -2 -23 12.67 Euratom 93 87 FFr 150 852 863 +03 +03 12.79	
.87	Finland 11 84 FFr 30 192 93 -3 -3 13.21	is the yield to redemption of the mid-price: the amount issued is
1.33	Finland 112 89 FFr 70 191 92 -21 -31 13.07	
1.75	Gaz de France 11 84 FFr 150 9512 9612 +016 -1 12.13	in millions of currency units ex- cept for Yen bands where it is
.24	18M France 117, 84 FFr 120 1941, 951, -11, -11, 13.31 Renault 91, 85 FFr 100 874 884 +03 -01, 13.02	
1.95 1.30	Renault 93 85 FFr 100 874 8814 + 03 + 03 13.02 Saint-Gobain 93 86 FFr 130 853 861 + 04 0 13.22	in billions. Change on week=
1.97	Solvay et Cia 94, 87 FF1 125 825, 835 +0's -0's 13.56	Change over price a week earlier.
.51	Total Oil 91 87 FFr . 150 83 84 +01, +01 13.09	FLOATING RATE NOTES:
.84	Citicorp O/S 131, 90 C 50 931, 931, -01, -11, 14.80	Denominated in dollars unless
.37	FIB 11', 91 E	otherwise indicated. Coupon
.32	Tip for lad 17L 89 F 30 874 884 -01, -01, 14.95	shown is minimum. C.dte=Date
.21	Gen Flec. Cp. 121, 89 £ . 50 901, 907, -07, -17; 14.43	next coupon becomes effective.
.49	Indonesia 8½ 91 KD 7 193 931, 0 0 9.74	Spread=Margin above six-month
1.52	Mitsubishi 74 84 KD 10 195's 95's 0 0 8.71	offered rate 11 three-month;
1.74 1.52	Norges Kom 72 89 KD 12 1937 937 0 0 8.52 Occidental 85 31 KD . 7 1907 90% 0 0 9.68	Sabove mean rates for U.S.
.56	Ata- 01 07 1 mer 500 94 95 -01 -01 10.30	dollars. C.cpn = The current
.16	Furatom 8 87 LuxFr 500 887, 897, 0 -01, 10.17	coupon. C.yld=The current yield.
<u>ئ</u> ود	Euratom 93, 88 LuxFr 500 991, 1001, 0 +01, 9.76	· ·
ĺ	EIB 91 88 Lunfr 600 991 1001 0 0 9.70 Volvo 91 87 Luxfr 500 981 991 0 +01 8.95	CONVERTIBLE BONDS: De-
	FIDATING RATE	nominated in dollars unless
eld 1.65	NOTES Sprond Bid Offer C.dla C.con C.yld	otherwise indicated. Chg. day =
.17	Atland Irish Rk. 52, 87 03, 971- 98 2/7 151, 15.47	Change on day. Cnv. date=First
.05	Banco di Roma int 6 87 01, 983, 991, 28/4 151, 15.93	date for conversion into shares.
1.59	. Rank of Iraiand 54 89 The 3/4 3/4 2/7 101 10:04 1	Cnv. price=Nominal amount of
3.96	Bank of Tokyo 54 89 104 967 971 25/4 14.56 14.99 Barclays 0/5 lnv. 5 90 04 863 971 13/5 14/1 14.71 Borgen Bk. A/5 6 89 104 864 971 29/2 14.31 14.78 Bque. Indo Sirez 54 89 04 971 98 11/7 14.69 15.03	bond per share expressed in
).38 1.76	Bergen Bk. A/5 6 89 104 864 974 29/2 14.31 14.78	currency of share at conversion
.97	Bque. Indo Snez 54, 89 04, 974, 98 11/7 14.69 15.03	rate fixed at issue. Prem=Per-
.14	Citicoth 0.2 k 2 24 to a 22 22 21 11 12 12 12 12	centage premium of the current
.75	Citicorp O/S F. 83 \$40 991, 994, 23/2 151, 15.22 Citicorp O/S F. 84 40 991, 994, 29/2 141, 14.70	effective price of acquiring
3.84 3.52	Co-operative Bt. 6 86 03 971 98 15/5 15.06 15.41	shares via the bond over the
1.79	Creditangialt 51, 915:01, 971, 981, 14/3 14/1 15.18	most recent price of the shares.
.01	CNT 51, 86	The list shows the 200 latest
1.39		international bonds for which
1.79 1.02		an adequate secondary market
,92	Tre (2020 54 85 44 202 3/4 3/9 144 14/1	exists. The prices over the past
.92	1TCS Japan 57, 89 04, 96% 97% 7/6 14.19 14.85 Mirs. Han, 0/5 54, 94 t04, 98% 987, 29/2 13.81 14.01	
1.53		week were supplied by: Arab Company for Trading Securities
.67	Midland Intl. Fin. 5 89 04 984 984 20/8 15 15-23 Nacional Fin. 84 86 04 964 977 25/7 14.69 15.14	CAK, Kundiathank MV: Cradit
3.75 3.94	Nat. West 54 94 504 974 975 11/4 14.94 15.34	SAK; Kredietbank NV; Credit
.03	Ninann Credii D-9 DQ 431 303 2/2 12// 14:34 14:40	Commercial de France; Credit Lyonnais: Commerciank AG;
ξ	Minnos Credit 54 87 104 975 98' 6/3 14-69 15-43 (Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche
1	Soc. C. de Baue. 61, 87 01, 961, 963, 3/4 131, 13.75	Landesbank Girozentrale; Banque
.,. 1	Sogenal 53, 89 504, 96 961, 13/7 14.44 15.00	Internationale Luxembourg
eld :65	Sogenal 53, 89	Kredietbank Luxembourg:
.20	TVO Par 9 97 (Dalock) Oh 1964 9/ 29/3 12:51 .13:65 1	Algemene Bank Nederland NV;
.32 🐪	Williams & Givn 51, 91 Dt. 977, 977, 14/3 13 13.33 Bq. E. d'Alg. 44, 89 SF Dt. 92 927, 18/6 6.69 7.25	Pierson, Heldring and Pierson;
3.06 [Average nrice changes. On day 0 on week - 012	Credit Suisse/Swiss Credit Bank;
7.39 1.29	CONVERTIBLE Chy. Chy. Chy.	Union Bank of Switzerland;
.89		
	BONDS . data price Bid Offer day Prem	Akroyd and Smithers: Bankers
i.29	BONDS determine Bid Offer day Prem AGA Akt/boleg 71 8910/79 145 117 118 6 -7.57	Akroyd and Smithers; Bankers
.04	BONDS date price Bid Offer day Prem AGA Akt'bolsg 7% 8910/79 145 117 118 0 -7.57 Ainomte 7% 95	Akroyd and Smithers; Bankers Trust International; Bondtrade;
5.04 5.05	BONDS date price Bid Offer day Prem AGA Akt'bolsg 7% 8910/79 145 117 118 0 -7.57 Ainomto 7% 95 2/80 618 93% 94% -1% 6.81 Aico Int, Fin. 92 94 1/80 40 93% 95 -0% 18.80 Asañi Onticel 79411/79 605 83% 84% -0% 8.26	Akroyd and Smithers; Bankers Trust International; Boodtrade; Credit Commercial de France
.04 5.05 5.95 5.85	BONDS date price Bid Offer day Prem AGA Akt'boleg 7% 8910/79 145 117 118 0 -7.57 Ajinomite 7% 952/80 618 93% 94% -1% 6.87 Alco Int. Fin. 9½ 941/80 40 93% 95 -0½ 18.90 Akahi Dotical 7 941/79 605 83% 84; -0% 6.26 Canon 6% 94	Akroyd and Smithers; Bankers Trust International; Boodtrade; Credit Commercial de France
5.04 5.05 5.95 5.85	BONDS date price Bid Offer day Prem AGA Akt'boleg 7% 8910/79 145 117 118 0 -7.57 Ajinomite 7% 95	Akroyd and Smithers; Bankers Trust International; Bondtrade: Credit Commercial de France (Secs.) London; Citicorp Inter- national Bank; Daiwa Europe NV: Deltec Trading Company;
5.04 5.05 5.85 5.85 5.57	BONDS date price Bid Offer day Prem AGA Akt'bolsg 7½ 8910/79 145 117 118 0 -7.57 Ajinomito 7½ 95	Akroyd and Smithers; Bankers Trust International; Bondtrade: Credit Commercial de France (Secs.) London; Citicorp Inter- national Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corpora-
5.04 5.05 5.95 5.85	BONDS date price Bid Offer day Prem AGA Akt'bolsg 7% 8910/79 145 117 118 0 -7.57 Aijnomte 7% 95	Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp Inter- national Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corpora- tion; EBC; First Chicago;
.04 5.05 5.85 5.57 5.53 5.18 5.18	BONDS date price Bid Offer day Prem AGA Akt'bolsg 7% 89 10/79 145 117 118 0 -7.57 Aimemte 7% 95 2/80 618 93% 94% -1% 6.81 Aice Int, Fin. 92 94 1/80 40 93% 95 -0% 18.80 Aishi Dutical 79 94 11/79 605 83% 24% -0% 6.26 Canon 6% 94 8/79 570 100% 103% +00% 2.73 Ciba-Gaigy 0/S F. 4 94 9/79 676 85 67 0 -3.27 Credit Suisse 4% 93 10/79 1325 109% 110% -0% -2.56 Daiel Inc. 6% 94 11/79 1020 90% 91% -0% 2.55 Enserch Fin. 8% 94 7/80 30.25 112% 113% -0% 4.63 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 89 9/79 23.33*1116 117% - 1.33 IPC Internatal, 8 979 23.33*116 117% - 1.33 IPC Internatal, 8 979 23.33*116 117% - 1.33 IPC Internatal, 8 979 23.33*116 IPC Internatal, 8	Akroyd and Smithers; Bankers Trust International; Boodtrade: Credit Commercial de France (Secs.) London; Citicorp Inter- national Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corpora- tion; EBC; First Chicago; Goldman Sachs International
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. 1	BONDTRADE INDEX AND YIELD
d O	Medium term Long term
8	Feb. 22 87.66 11.65 72.27 13.10 Feb. 15 88.77 11.19 74.60 12.53
Ô	Feb. 15 88.77 11.19 74.60 12.53
1 9	High 80 91.03 (2/1) 89.19 (2/1) Low 30 87.66 (22/2) 72.27 (22/2)
_	EUROBOND TURNOVER
년 4	(nominal value in \$m)
4	Cedel Euroclean
3	U.S. 5 bonds
5 3	Last week* 612.5 1,930.4
3	Previous week 514.9 2,044.2
8	Other bonds
0	Last week 188.0 299.3 Previous week 334.6 561.8
8	Previous week 334.6 561.8
7	
7 3	
3	*No information available-
3	previous day's price,
2	,
3	f Only one market maker
9	supplied a price.
0	
1 9	STRAIGHT BONDS: The yield
1	is the yield to redemption of the
7	inid-price: the amount issued is
3	in millions of currency units ex-
1	cept for Yen bands where it is
2	in billions. Change on week=
1 2 2 6	Change over price a week earlier.
9	FLOATING RATE NOTES:
9 0 8	Denominated in dollars unless
8	otherwise indicated. Coupon
6	shown is minimum. C.die=Date
3	next coupon becomes effective.
4	Spreud=Margin above six-month
1	Spread - Margin above six-inoridi
3	offered rate it three-month;
6 5 3 4 1 2 6 7	Sabove mean rate; for U.S.
7	dollars. C.con = The current coupon. C.yld = The current yield.
6	compon, with - the current yield.
6 0 ·	CONVERTIBLE BONDS: De-
•	nominated in dollars unless
a Í	otherwise indicated. Chg. day=
7	otherwise indicated. Chg. day = Change on day. Cnv. date = First
3	date for conversion into shares.
978302	Cov price=Nominal amount of
3	bond per share expressed in
8	bond per share expressed in currency of share at conversion
3	i fale fixed at issue. Prem≡Per-
0	centage premium of the current
2	Section nring of acquiring

U.S. \$120,000,000 Medium Term Credit

Matthey Finance Limited

guaranteed by

Johnson, Matthey & Co., Limited

arranged and managed by

S. G. Warburg & Co. Ltd.

Morgan Guaranty Trust Company of New York

Bank of America N.T. & S.A.

Bank of New South Wales

Barclays Merchant Bank Limited

Chemical Bank

The Royal Bank of Canada

Citibank N.A. International Westminster Bank Limited

Continental Illinois National Bank and Trust Company of Chicago

Bankers Trust Company

London & Continental Bankers Ltd.

Banque Nationale de Paris Limited

Dresdner Bank Aktiengesellschaft

Tohnson Matthey Bankers Limited

participated in the credit

Morgan Guaranty Trust Company of New York

January, 1980

Business Premises and Profitability

LONDON-MARCH 24 & 25, 1980

The Financial Times and the National Federation of Building Trade Employers, the Federation of Civil Engineering Contractors and the Royal Institute of British Architects will hold a conference in London on 'Business Premises and Profitability'.

A distinguished panel of speakers will analyse the role of the construction industry in promoting national development and the financing and planning of industrial and commercial premises for improved profitability.

By hearing the experts' views first hand and participating in discussions you will gain an invaluable insight into trends, which will undoubtedly affect business and the economy in the years ahead.

Complete and return the coupon below for full details of the agenda and registration procedures.

BUSINESS PREMISES AND PROFITABILITY To: Financial Times Limited, Conference Organisation, 'BUSINESS PREMISES AND PROFITABILITY Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-236 4382. Telex: 27347 FTCONF G. Please send me full details of your conference 'Business Premises and Profitability's Address

A FINANCIAL TIMES CONFERENCE

APPOINTMENTS

Butterfield-Harvey reorganisation

been appointed group controller Kopperschmidt, and Mr. J. S. and two member company Pigram. Mr. A. N. Reyment will managing directors, Mr. Pat be secretary.

Stanley Quin, chairman of Shelvoke and Drewry assumes the chair of Halladay's, Halla-day's Drop Forgings, Weston Hydraulics and B-H Machinery. Mr. Edward Greenhalgh becomes chairman of Harvey-Haybridge and the group chief executive, Mr. Geoffrey Yates, becomes chairman of Mustang Caravans on a temporary basis.

Mr. A. Pitchforth and Mr. W. Man have been appointed directors, and Mr. F. B. Preston has been appointed an associate director, of LONDON INSUR-ANCE BROKERS.

Mr. Alan R. Devereux has been appointed a non-executive director of WALITER ALEX-ANDER. He is the deputy chairman of Scotcros, an associate company of Walter Alexander, as well as being on the hoards of The Scottish Mutual Assurance Society and the Scottish Development Agency.

Mr. Pat Reynolds has been appointed chairman of REY-NOLDS MEDICAL suppliers of Pathfinder, a high speed ambulatory ECG analysing equipment. He founded the company in 1967. Mr. David Armstrong. becomes managing director, and Mr. Michael Maze, commercial

Sir Monty Finniston has been appointed a non-executive of ANDERSON STRATHCLYDE.

Mr. Jonathan A. Meighan has joined Dowty Group as assistant managing director of ULTRA ELECTRONIC COMPONENTS, at Loudwater, Bucks.

Mr. L. J. S. Henderson becomes general manager (investments) of LONDON AND MAN-CHESTER ASSURANCE on

Mr. John W. Utz. chairman and

Mr. Peter Till, responsible for the BUTTERFIELD-HARVEY Group's Greenwich and Margate interests, has been appointed to the main board. Mr. Derek Hall has resigned to develop his own interests and the appointment of a new financial director will be announced shortly. The group executive committee has been restructured and strengthened. Mr. Victor Wyatt, formerly with Bowater-Scott, has under the part of the bank. The current of the bank. The current of the bank. The current of the bank of the bank of the bank. The current of the bank of the bank of the bank of the bank. The current of the bank of the bank. The current of the bank of the bank of the bank of the bank of the bank. The current of the bank of the current of the bank of the ban general managers.

Frewer of South Western Marine
Factors and Mr. John Barnes of
Beldray, have become members
of the committee. They have
both been appointed chairman
of their companies.

A number of changes in the
chairmanship of member companies has also taken place. Mr.

British Additional of MATHER AND
The board of MATHER AND
PLATT, with the retirement of Robert Gordon's Institute of Technology, Aberdeen, has been made president of the ASSOCIAman, Mr. A. Orx, Mr. C.
COLLEGES.

We I C S Leading will retired to the member of the place Pigram will continue to be mem-bers of the Mather and Platt board. Mr. Reyment will continue as secretary.

> Mr. John H. Watt has been appointed chairman of L. WHIT-TAKER AND CO (LONDON) and its subsidiaries—including Whittaker Tentest. Mr. Philip Summers joins the board as financial director.

> BIRO BIC and its subsidiary Mabie, Todd and Co. has appointed Mr. Donald Hartridge. as managing director. This move follows the retirement of Mr. F. W. G. Bolt, who becomes non-Thorn, has been made sales

Mr. David C. G. Jessel is to serve as chairman of the INTER-VENTION BOARD FOR AGRI-CULTURE PRODUCE for a three-year term from February 22. Mr. Alan F. Shaw, who has been chairman since November, 1974, has retired. Mr. Jessel is deputy chairman of the Eagle Star Insurance Group.

Mr. Peter Kay has been made managing director of CLIVE DEVERELL ASSOCIATES, and Mr. Gerry Sarson becomes a

Mr. J. W. McColgan has been appointed marketing director of BLUE CIRCLE CEMENT in succession to Mr. B. E. Gwyn, who retired at the end of 1979 after 47 years service with the group. Mr. McColgan has been with the group for 33 years.

Mr. R. M. Watt has been ppointed assistant director appointed (European and energy policy) in economic planning division at BRITISH GAS headquarters.

Mr. D. G. Attwood has been appointed a director of HIP (POWDER METALS), a company in the Marshalls (Halifax) group.

THUR REINSURANCE COR-PORATION on July 1. He will continue as chairman of the company and of its subsidiary, the Stronghold Insurance Company. Mr. T. R. Monteath has been appointed deputy general manager of the company and of Stronghold from March 17.

Mr. William A. Davis has re-cently been appointed a director of GODSELL MUNICIPAL, a founder member of the Sterling Brokers Association.

Mr. T. T. Tait has joined the Board of J. BIBBY AND SONS.

appointed production and technical services director of BROOKE BOND OXO.

Mr. R. J. Warren has been appointed a director of WEM-BLEY_STADIUM, a member of

Mr. Norman Crawford has joined NORTH BRITISH PRO-PERTIES as financial administrator/company secretary desig-

appointed a deputy chairman of EAGLE STAR HOLDINGS and of EAGLE STAR INSURANCE COMPANY,

Mr. Gerardo Seeliger has been elected assistant director of BANKERS TRUST INTER-NATIONAL LIMITED (BTI), the wholly-owned international banking subsidiary of Bankers Trust Company. He will be re-sponsible for Spain, Portugal and Latin America in the finance de-

Mr. W. G. Jenkins has been appointed managing director of S. P. GEARS AND INSTRU-

MENTATION a member of the Richardsons Westgarth Group. He was formerly production

Mr. Charles Lowe has been appointed a director of BROOK STREET BUREAU OF MAY. FAIR. He remains company

recretary. At ATWOOD OCEANICS, INC., Mr. J. C. S. Lepine will retire Houston, Mr. N George Beinry from his executive responsibilities with NORWICH WINTERofficer and director of Aber

> Mr. Donald Kerr has Joined the Board of DRUIDALE SECURITIES.

Corporation, New York,

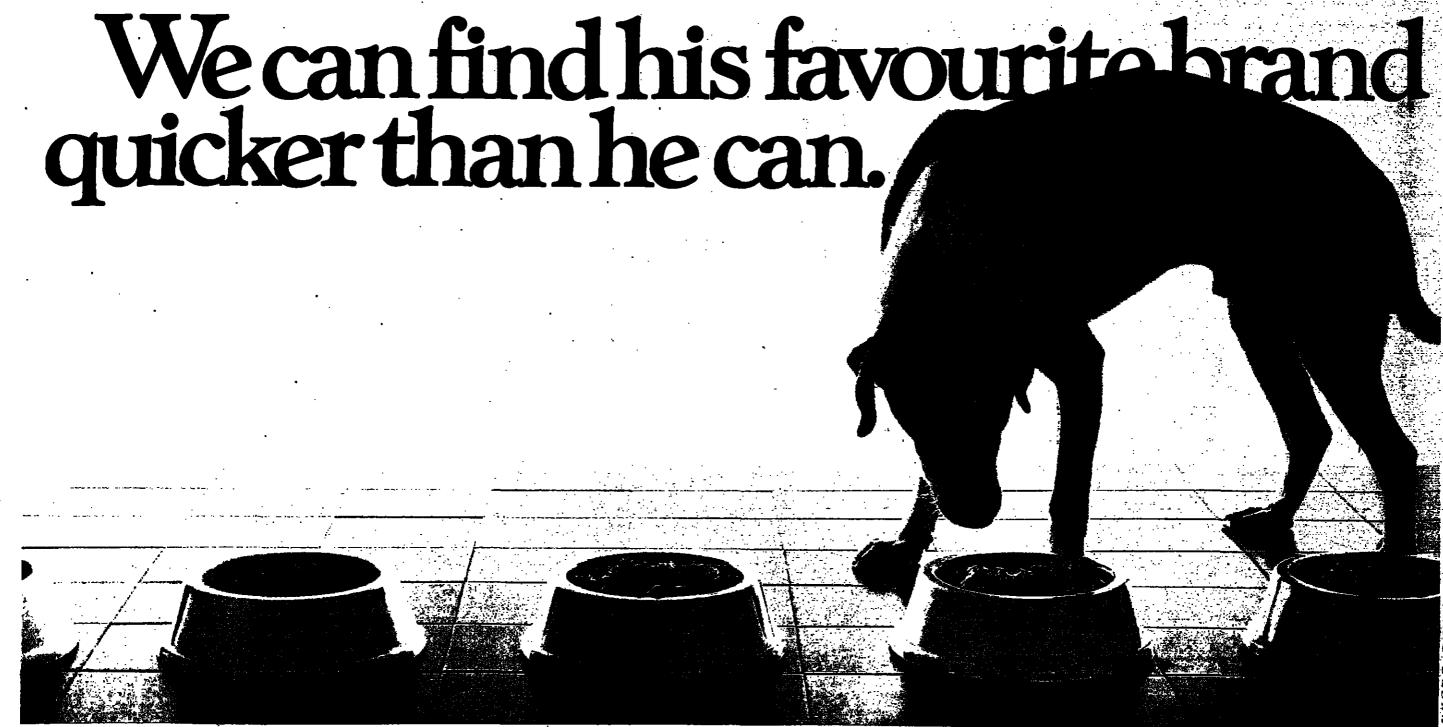
head of the energy technology support unit at Harwell, will be taking up the santa-Dr. Jack Butterworth, assistant appointment of energy projects co-ordinator in the SCIENCE RESEARCH COUNCIL on

appointments in its subsidiaries:
Mr. Roger King has been
appointed to the Board of industrial safety specialists Castell Locks as finance director. Mr. Michael Shelbourne has director · Pochin, Standard and Leicester based ventilating specialists.

Mr. Rex M. Fleet, managing director, has been appointed chairman and managing director of NCR LTD. This appointment follows the retirement of Mr. Clarke E. Reynolds from the position of chairman due to his other commitments as vicepresident Europe, NCR Corpora-

REED STENHOUSE MARKET-ING, aviation division, has appointed Mr. M. F. B. Ward, Mr. D. J. Woods and Mr. A. M. Elson to the Board.

Mr. Peter Fagan has been appointed managing director of BIDDLE SAWYER AND CO., a wholly owned subsidiary of Lewis and Peat (Merchanting). Mr. T. J. Ullman has been appointed a director of the responsibility for the development CARBURETTER COMPANY.



Large warehouses that store everything from pet food to boot polish need a highly efficient means of retrieval.

Without sophisticated stock control, order picking and handling systems, it would all be something of a dog's dinner.

Fortunately, there is one British company which makes all the racking, stacker cranes, conveyors and integrated control systems needed to build an automated warehouse.

It's called Dexion.

Our Speedlock racking is designed to make the most of every available inch of space. Our Courier cranes handle pallets

of up to two tons at heights of up to 90 feet. And operate in aisles far narrower than conventional equipment will allow.

We also make a wide range of compatible conveyor systems and supply all the hardware and software for microprocessor control.

All of which makes the task of finding what you are looking for as quick as pressing a button, and getting it out of the warehouse as easy as pressing a few more.

Of course, planning, supplying and installing everything for a fully automated, computer controlled warehouse isn't our

only occupation. We handle anything as simple as a single bay of shelving or a standard conveyor.

If you'd like to find out more, drop us a line and we'll send you our brochure.

It'll tell you all about our load handling systems. And how we're stopping British Industry from going to the dogs.



MANAGEMENT

EXECUTIVE HEALTH

Purveyors of doom should be taboo

BY DR. DAVID CARRICK

I SAW an advertisement recently which disturbed me. It depicted a jolly family enjoying a holiday but across

The legend beneath was logical—that if the breadwinner died suddenly, without proper provision, then his family would suffer. But if the doomed man insured himself adequately, then he could, presumably, rest in his grave quite happily.

Now, I do not carp at sensible planning against disaster, but to induce anxiety in people who receive a surfeit of dire warn-Insurance companies have therefore every right to advertise their forthwith. wares for their own benefit and that of their customers, but a offered to measure people for the funeral knell, their coffins early (maybe at pre-budget prices), it would cause an outery, and I doubt if he would find many editors anxious to carry his funereal

Morticians

morticians do not have such of eternal ancestors. problems, I recall seeing a large advertisment in an American magazine which, at first glance, appeared to be concerned with raincoats. A well wrapped-up, The do-it-yourself blood-pressure pretty girl was standing in a frightful thunderstorm by a blasted oak. The caption, which said: "The least you can do for your loved one" made me look closer to find that coffins (or caskets), and not macs, were the business of the sponsor.

special casket: "velvet-lined is always on the brink of a and space-alloy coated" was holocaust; is incapable of playgiven, plus a claim that this ing games which lack a political "super casket" would outlast purpose; and breeds bureauordinary boxes by some 50 years. And to illustrate the as maggots in a dead dog? point, below the pretty girl's feet, the earth was sectioned to one should be stupidly careless show water and worms, together or should fail to heed words with the roots of the oak, of true and selfless wisdom; I knocking hell out of cheap only plead that uncomplaining

advertisement turned disgustedly away from disturbed me. the blunting alloy.

Jolly family To educate a public on health was a black cross which signalled his early demise, thus leaving a young widow and small children. is one thing; to foster fear is the most potent:

> journals which, quite correctly, calculate that morbidity and sensationalism are magnets to the simple.

2-Responsible which, in all innocence, publish rarities which may well be misquoted or half-quoted by the general media.

3-Vociferous scientists with ings from various sources is, I obsessions concerning matters believe, unnecessarily grievous, they regard as sinful, and, therefore should be banned

4-Doctors who forget that their patients are human beings to whom gloomy head-shakings degree of decorum is desirable. to whom gloomy head-shakings After all, if an undertaker and dolorous "tut-tuts" suggest

5-Doctors to whom seeming abnormalities in a patient's biochemistry will surely lead to rapid dissolution.

6 — Medical insurance questionnaires which some-times appear to demand that all successful applicants should be angels without vices, with But suppliers to American perfect physique, and possessed

7-Purveyors of machines which, although intended for very particular cases, do not prevent general distribution. with us soon.

Surely there is enough to worry about in a world which always has financial troubles; is A full description of the never without a little war and crats and autocrats as readily

I am not suggesting that anycoffins. But that super easket normality should not be put at resisted everything including hazard by the utterings of unsharp-nosed worms which witting tormentors.

ELECTROCOMPONENTS is hardly a household name. Until recently, few people outside the electronics industry had even heard of the company. But as the world of high technology electronic products expands, this group is cashing in on an unusual distribution system which has made it Britain's largest seller of sophisticated components to industry. institutions

government. As every year goes by, micro-processors and other tiny integrated circuits — all of them variations of the ubiqui-tons "silicon chip" — are affecting more and more of our lives. At the heart of all sorts of products, from televisions to microwave ovens, computers to machine tools, these components 1-Irresponsible papers and are the cornerstone of the rapidly expanding electronics industry.

The "big boys" in the electronic components business such as ITT, Motorola and Texas Instruments — sell directly in bulk to end product makers for smaller independent distributor has been able to grow in a separate market, particularly research maintenance.

In the UK there are four independent, publicly-quoted electronic comopent distributors, with a comfined turnover of £153.1m last year. They are Electrocomponents, Diploma, Farnell and Unitech. Electrocomponents had the largest pre-tax earnings (£10m) and was virtually tied with two others in terms of turnover (around £40m).

Niche

Without a major manufacturing base, these independents have been able to chisel themselves an important niche in the UK electronics market. One of the ways Electrocomponents has evaded the threat of the "big boys" has been to concentrate on selling small component orders under its own label. It has a network of some 600 suppliers around the world including the major manufacturers and for most items there are duplicate suppliers, in order to secure continuity of supply and keenness of prices.

The larger corporations would probably not find it profitable to tackle the small UK distributors, because they would laboriously have to construct necessary infrastructure. independent distributors took many years to develop their supplier and customer network, but the take-off only

Where distribution is the crucial factor in the electronics boom

panies since 1974 (38 per cent). But the others have all watched their shares rise rapidly on the stock exchange as investors were attracted to exploiting the silicon chip,
Electrocomponents' products range from tiny fingernail sized

chips to more mundane accessories such as wiring and coil. Most of them are sold, not for manufacturing, but for use in maintenance departments, especially in the engineering The electronic com-are also sold to ponents rescarch laboratories and even to amateur enthusiasts.
Although the company's cus-

tomers individually are small, they constitute a strong net work of more than 100 000. All sales are through mail-order catalogues, a seemingly odd way to sell electronics, though it is more common practice in the

larly unusual in UK terms in that it derives almst 100 per cent of its profits from the dis-tribution of electronic components. According to a survey just released by stockbrokers, Vickers da Costa, the other three major companies are more diversified, taking from electronics distribution only 61 per cent (Farnell), 47 per cent (Diploma) and 34 per cent (Unitech) respectively (Unitech) respectively.

Electrocomponents' to specialise to such an extent has helped it justify the development of a system of com-puterised order processing which can ensure that any tele phone order is taken, processed and dispatched within 24 hours.

This is one of the reasons why the company has survived over the years. In the early 1970s, many small distributors went to the wall in the face of competition from the large manufacturers, which either had their own sales departments or had big franchise operations.

The second main reason why Electrocomponents managed to keep its head above water is the strength of its customer

This has been nurtured since really started in the late 1970s. the 1930s, when the company business so that by the time making II to 12 visits a day.

Electrocomponents has was first founded (as Radio the company went public in They are able to visit the managed the highest compound Spares) by two gentlemen with 1967, an infrastructure had group's 100,000 customers about growth rate of the four com- a car and a small range of radio been established. This was at every 16 weeks.



products in the catalogue

UK ELECTRONIC COMPONENT DISTRIBUTORS										
Company	Year	Sales	Pre-tax	5-Yr. Average Margins	5-Yr. Growth Rate (74-79)					
Diploma Electro-	to June 79	£40,6m	€6.1m	13.8%	35%					
component Farnell Unitech	to Mar. 79 to Jan. 79 to May 79	£22.3m	£10,0m £4,0m £3.6m	20.5% 14.6% 8.2%	38% 28% 24%					

boot. During the second world electronics war, the company was given a started. when the Government used it as an official distribu- Radio Spares label into RS Com-

In 1961, the two founders ired Ron Marier, an hired

parts which they sold from the least five years before the 'revolution "

Marler helped develop the old ponents, which now handles the vast majority of group business. an RS Components, the main subaccountant, to co-ordinate the sidiary, works hard to maintain business. Marler concentrated customer loyalty. A total of 81 on building up the distribution salesmen travel about Britain,

catalogue three times a year Electrocomponents could have and one of the functions of the problems in the future. First, sales staff is to introduce custochanging business, with more than 5.000 products (from microchips to stopwatches) in the catalogue, is no easy task.

Because all sales are through the catalogue, the role of Electrocomponents salesmen is far from traditional. They are part-consultants and part-public relations experts, providing customer coverage which is unusual in the electronics sector.

Their efforts result in the weekly dispatch of some 40,000 orders, most of them repeats. The London-based warehouse holds at least three months of stock (worth £6m retail) and is cent of the items in the cata- demands.

The prices for Electrocomponents products are high. But customers appear willing to pay them. Tim Sheppard, the supply manager at a GEC sub-sidiary, says: "Electrocomponents makes no secret of the fact that it's take-it-or-leave-it from the catalogue. But the fact that we can ring up and order products from the catalogue, get delivery the next day and not have to hold any stock ourselves makes the service very

turn on capital last year was more surprising observers of British industry is be happy to be in. that high margins have been None of these problems accompanied by high volume: should be insuperable. If the last year the pre-tax margin was microelectronics revolution 22.5 per cent on a turnover of £44.4m. Analysts are predicting currently claim, the UK distri a pre-tax profit of £12m for this bution husiness, and Electroyear, a rise of 20 per cent above

Costa, last year's margin com- expanding into all sorts of nooks pares with an 18.2 per cent net and crannies which have little to margin at Farnell (on sales of do with large-scale production. £22.3m), 14.9 per cent at Diploma (turnover of £40.6m) and 7.8 per cent at Unitech (on turnover of £45.8m).

RS Components issues a new distributors of microelectronics although the international elecmers to new products. Keeping tronics business is growing at salesmen up to date in a fast- an annual rate of 15 per cent, suggesting a continuing underlying growth in UK volume, there are obvious dangers in

rapid growth. The sheer physical size of the business will pose a consider-able challenge to management. The number of products is increasing at a terrific rate, yet there are limits to the number new and complicated items which even a large sales force

can keep track. Second, the technology for various advanced electronic products is changing so quickly that there must be some concern about the speed with which any distributor can respond to generally able to supply 98 per the metamorphosis in customer

Squeeze

Third, because of the nature of the high technology electronic components business, prices may actually drop over time while overhead costs remain the same or rise. This situation could squeeze margins and could be compounded by the

Finally, although the business continues to be a strong cash generator, and shows every ttractive." sign of continuing to be so for The simplicity of marketing the foreseeable future, the efficiently has paid off hand- management may not be able to somely. Electrocomponents' re- find the kind of acquisitions which could closely complement 66 per cent, and margins have the existing business. However, been consistently high. Even this is the kind of predicament close many British managers would

shows the potential its advocates components with it, should be one of the principal beneficia According to Vickers da ries. The business is now Though Electrocomponents is esentially just a mail order house for high technology products, its ability to capitalise on But despite its fortunate the phenomenon should be a position vis-a-vis the other UK major strength.

echnical News

• HOVERCRAFT

Big skirts from Avon

manufactured by Avon company's flexible fabrications factory at Chippenham, Wilts. sham), part of the Avon Rubber for delivery over the next eight Group, for a U.S. marine months.

Consortium. When bovering, the Bell-

Bell-Halter of New Orleans, Louisiana, has developed a twinbull catamaran-style surface effect ship (SES) which can operate as either a conventional craft at low speeds or as a hovercraft at higher speeds. The 110 ft long prototype

demonstration craft was fitted with an Avon skirt system last summer, and Bell-Halter has now won an order for four The Bell-Halter 110 has a bow

seal consisting of eight fingers each 25 ft wide, 15 ft high and weighing 2 cwt. Its massive stern seal is 30 ft wide, 10 ft long and 6 ft 6 in high, and

Avon will be supplying a com- Inc.

AVIATION

FIVE SETS of what are claimed plete system for each of the to be the world's largest hovercraft skirt components are to be Work is now starting at the

Halter craft rides on a cushion of air trapped between the hulls by the flexible bow and stern seals-with centrifugal fans providing air for the cushion.

Its principal use is seen as supply and workboat for the offshore oil industry in the Gulf of Mexico and elsewhere. However, it can be easily modified to become a crew boat, a 275-seat passenger ferry or a fast patrol boat. Development is also underway on a military version which can carry a sophisticated range of weapons including guided missiles.

Bell-Halter is a joint venture company formed by Bell Aero-space Textron, a division of Textron Inc., and Halter Marine

CONFERENCES

PUBLIC DATA networks will be the subject of a seminar sponsored by the National Computing Centre which is to be held at the Institute of Marine

It will deal with techniques, equipment standards and procedures for communications networks and is aimed at data processing managers, systems analysts and communications

Computer Services.

factor

and ergonomics is the study of the efficiency of persons in their working environment and the ways in which to adapt tools and machines to the operators' physical limitations.

Outlook for aluminium

in increasing the demand for aluminium in the past, but now the outlook for new markets for the material will be reviewed in the 16th John Player Lecture on February 27.

Presented by the Institution of Mechanical Engineers at its headquarters, 1 Birdcage Walk, lecture is called "Some Future is dispersed in 500 ml of liquid takes less than three minutes Uses of Aluminium" and will which is continuously circulated and involves pressing six London SW1 (01-222 7899), the be given by Mr. Roy Woodward. through a glass cell which is buttons in sequence.

6 DATA PROCESSING

Information easily retrieved

has been announced by the Amersham Bucks (02407 3410). print-out service. Instructed to United Kingdom Atomic Energy According to this company's produce un-to-the-second infor-

It has been developed by combine" such data.

statistical multiplex-

The special advantage of the position in the block.

New business machine

available with other machines market about three years ago.

A CURVE of the distribution of illuminated by a laser beam. The

particle sizes in a powder can presence of the particles within such a coherent light beam gives

play and is continuously up- apart from pressing a button

operating with polled asyn-

up to 1800 bits/sec can be con-

centrated down to a single high

speed · line operating synchronously up to 4800 bits/

Model I which has twin floppy

in the System M-One range will

• INSTRUMENTS

be obtained in about ten seconds

using the Cilas Granulometer 715 available from Specifield,

LA Jennings Buildings, Thames

A histogram appears on a

Avenue, Windsor, Berks (Windsor 53132).

light-emitting diode matrix dis-

dated; 16 particle sizes are

discriminated from one to 192

microns.

of materials processor, a basic 23411).

Particle size analyser

Authority which allows data to director. Mr. M. Fabesch, an data is structured; if circumfound, while investigating the changed without changing the

boss and the world distribution its highest level. Lexiboss prip printed out at high speed.

channel by means of their

Scicon points out that polled

More from the company at

rise to a diffraction pattern which is brought to a focus on

a multi-cell photodetector. Data

obtained from the diffraction rings is used to determine the

particle distribution. The results

No calibration is required

to obtain a background illumina-

tion reading with plain water.

are also printed out.

produce up-to-the-second inforbe easily retrieved whether it important aspect of Lexibos is ticular industrial process or on consists of text, figures, lists or that there need be nothing legal precedents or judgments, structured data.

fixed about the way in which it will initially present the user legal precedents or judgments, with a list of all the main UKAEA's National Centre of stances of information retrieval references applicable to the Systems Reliability whose staff change, the structuring can be inquiry. This information can then be

use of computers for their own whole system. Furthermore, instantly refined to cut down purposes, that "there was the data bank can be kept connuthing able to handle and tinuously updated. the number of options from which the user can select either The system can be used at a summary or a full text which The system is called Lexi- various levels of complexity. At can be displayed visually or

Reduces data line costs

MULTIDROP TERMINAL data mit variable length data blocks terminals are inactive at least networks can benefit from according to the loading on half the time and that the microprocessor based line condata temporarily during peak Micro 300 means that the

centrater, Micro 300, introduced traffic periods. The multiplexors channel capacity is at least 50 by Scicon Computer Services. at the two ends of the high per cent better than that speed line communicate with provided by ordinary time ing, up to eight multidrop lines, each other by means of a con-division multiplex (TDM). The available data rate on the tinuous stream of fixed length chronous terminals at speeds data blocks, each containing shared telephone line or digital

a pre-defined number of data link is assigned dynamic-characters for each channel. ally to channels as required, rather than being fixed.

Characters belong to each More from the company at More from the company at Brick Close, Kiln Farm, Milton Keynes MK11 3EJ (0908 565656).

MATERIALS ADDED To the bottom end of modular accounting package in Sperm oil

the range of business machines corporating sales ledger (up to offered by LSI Computers is the 700 accounts) and several substitute disc drives, a visual display unit and a 60/100 characters per second printer, all contained in the range. The next one up is the range. The next one up is There are now six models in

teak-finish desk unit for the Model IA at nearly £1,000 PRODUCTS WHICH will replace 5.995. more and is the original sperm oil in virtually all appli-Software packages already machine introduced to the cations have been introduced by Unichema International. The company points out that

run on the new machine and Copse Road, St. Johns, Woking, these quality controlled and include stock management, bill Surrey GU34 1SX (Woking more ecologically desirable products are not subject to the erratic supply situation of sperm oil with its consequent fluctuations in price. Manufacturers will therefore be able to make a contribution to preserving an endangered species — the sperm whale—while cutting costs and improving the reliability of their

Designated Estol, the range includes products for leather fat liquor producers and lubrication additive manufacturers. Others are tailor-made for various appli cations, optimising price and performance. They can be sulphurised, sulphated, sulphited. incorporated into blends and offer an outstanding consistency of performance not found with About one gram of the powder flushing out the previous sample sperm oil.

More from Unichema International, Behington, Wirral, Merseyside, L62 4UF (051-645

6 COMPONENTS **Distributor** plans for expansion

aging director for component marketing Tim Curtis, there will be fewer newcomers to the electronic component distribution industry in the coming decade simply because the investment needed to start at a viable size is now much higher, due in part at least to the unit cost of a microprocessor.

ACCORDING TO Unitech's man-

injected with a further film of capital for expansion purposes weather and has at the same time split itself into three divisions that will deal with passive/special products, active devices, and complete collections of boards that can form the bases of microcomputer systems for original software for the time being. Hardware franchises now include Motorola, National Semiconductor, Mostek, Data General, Texas Instruments and Fair-

An interesting aspect of Unitech is that since its recent polyethylene, the self-coloured acquisition of Alfred Neye in bright orange covers are said Germany, it now sells more pro- to combine good tensile ducts outside the UK than strength with a high level of inside: the total turnover figure is now nudging £50m per annum.

DIRECT GAS-FIRED

SPACE HEATING PROCESS HEATING

Tel 61511 Telex 57859

6 HANDLING

Protection Celdis, one of the Unitech companies, has recently been from the

ELASTICATED woven plastic stack covers are being used to provide all-weather protection for freight passing through Liverpool Airport. They are made by Bowater Packaging, Portland House, Stag Place. London SW1 (01 834 9414).

Made from cloth which is woven from high density polyethylene tapes, and coated on both sides with low density water resistance, and are tailored to fit securely and Celdis is at 37 Lovelock Road, quickly over the airport's leading, RG3 1ED (0734 standard 1,000 kilo freight trolleys.

CONTRACTS AND TENDERS

ANNOUNCEMENT

REPUBLICKA SAMOUPRAVNA INTERESNA ZAJEDNICA ZA PUTEVE, BEOGRAD

has applied for a loan from IBRD and intends to use the proceeds of this loan for the reconstruction of an 82 km section of route E-75 in Serbia into a four-lane divided limited-access highway

Reconstruction includes approximately: 2,623,000m2 earthworks,

> 1.804.000m2 asphalt paying, and 3,000m bridging.

Contractors from member countries of the World Bank and Switzerland interested in tendering for these works are invited to submit their applications to the investor not later than one month from the date of publication of this announcement. Applications should be supported with details of relevant experience on similar works.

Details of staff and equipment documents will be available February, 15, 1980. Only those contractors who have been prequalified will be invited to submit bids.

Address for submission of relevant data is: REPUBLICKA SAMOUPRAVNA INTERESNA ZAJEDNICA

ZA PUTEVE, BULEVAR REVOLUCIJE 282, BEOGRAD, YUGOSLAVIA

LOOKING RATHER like a suit- is fitted with essential funccase when it is closed up new tional controls and indicators.

Marconi Chelmsford (0245 353221). It is intended as a trainer for pilots to practise emergency procedures in land or ship-based

reactions to real in-flight emer-Consisting of replica aircraft three month sea tours, the piloting panels — about two trainer includes built-in self-test thirds full size—the equipment facilities.

crew rooms to improve their

Extends life of tyres

equipment designed to be used equipment designed to be used equipment designed to be used incorporates which response to the correct sequences of control actions, and gives visual trol actions, and gives visual trol actions, and gives visual trol actions. House, dures. The micro allows for expansion and can be readily re-programmed to permit updating of the aircraft equipment and procedural standards as required. Built for operation during

• TRANSPORT

Training aids for pilots

PROMISING economy of fuel valve which maintains equal and savings of up to 100 per pressures in the inner and outer cent on tyre replacement costs tyres under all normal running cent on tyre replacement costs on vehicles with twin tear conditions while providing safe, wheels is a new tyre pressure guards against loss of air equalising device from Swiss company Etico, available from Safety is said to be increased company Etico, available from importer Michael Ede Manage-

The device is a precision-built a few moments.

and servicing costs are cut by ment UK, Nuthurst, Horsham, an indicator which allows pressures to be checked visually in

networks

Engineers in London on February 28.

managers. Chairman of the meeting will

be David Firnberg, managing director of Urwick-Nexos. Keynote address will be given by M. L. Pouzin, who heads up the Pilot Projects Division of IRIA in France, and there will be contributions by speakers from Post Office Telecommunications, the National Physical Laboratory and Trustee Savings Bank

Further details from Seminar Bookings, The National Computing Centre, Oxford Road. Manchester M1 7ED. (061-228

The human

ERGONOMISTS and human factors engineers will attend a residential short course at Cranfield Institute of Tech-nology, April 28-May 2, called People, Products and Design' -which aims to provide prac-tical tuition for a group of design-based engineers managers on human factors engineering and design. Human factors engineering

BEER CANS, aircraft and motor cars have all contributed

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WIT . Educator

18 Companies and Markets	WORLD STO	CK MARKE	TS	Financial Times Monda	
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Indices	1979-80 Feb. Feb. Feb. Feb. High Low AUSTRALIA Sydney All Ord, (1886:53) 897.90_882_54 898,83 905,17 \$47.47 (14/2/89) \$45,72 (2:1/78)	AUSTRIA 1979-80 Feb. 22 Price High Low % 344 335 Creditanstait 336 345 336 Landerbank 336 294 262 Perimoser 271	1.220 800 Michelin B	8.30 3.38 Cons Gold	14.60 9.90 Tiger Oats 14.40 2.35 1.15 Unisec 2.00 Financial Rand US\$1.98 (Discount of 121%) BRAZIL 1979-80 Feb. 23 Price High Low Cruz
● Industr'ie 868.77 868.52 886.86 876.02 884.98 895.77 993.84 799.67 1851.70 41.22 15.2780 17711 (11.75 41.22 15.2780 17711 (11.75 41.22 15.2780 17711 (11.75 41.22 15.2780 17711 17711 (11.75 41.22 15.2780 17711 17711 (11.75 41.22 15.2780 17711 1	Metals & Mints : 1936:38 8059.21 5830.91 5033.75 6129.37 6650.95 (14/2/80) 2567.54 (2/1/79) AUSTRIA Credit Aktien (2:1/62) 58.44 88.57 58.42 89.17 89.40 (7/1/80) 61.53 (2/8) BELGIUM Beiglan SE (51/12/63) 102.57 103.54 103.65 103.69 109.47 (5/10) 94.80 (3/1/78) DENMARK Copenhagen SE (1/1/76) 80.05 80.35 80.57 80.84 97.48 (25/7) 80.05 (22/2/80) FRANCE CAC General (29/12/51) 117.80 115.2 114.2 115.9 115.2 114.2/80) 82.4 (18/2/78)	111 66.3emperit 109 240. 200 Steyr Daimler 234 389. 241.Veitscher Mag 349 BELGIUM/LUXEMBOURG 1979-80 Feb. 22 Price High Low Fis. 2.750 1.990/ARBED 2.170	153.4 98 Rhone-Poulenc	3.50 1.50 Elder Smith GM.; 3.18 1.60 1.75 Elscor 0.48 1.65 1.75 Elscor 0.85 1.66 4.70 2.20 Hamersley 4.50 2.50 1.24 0.71 Hooter 1.18 3.00 0.78 Hartogen Energy; 5.30 1.24 0.71 Hooter 1.18 3.00 2.09 IG Aust 2.98 1.13 0.60 Jennings 1.00 2.80 0.46 Jimbertana Min., 2.35 1.65 1.03 Jones (D) 1.55 0.54 0.30 Kis Ora Gold 0.36 1.96 0.36 1.96 0.30 1.80	1.62 0.78 Acestra 1.38 2.98 1.25 Banco Brazil 2.91 1.69 1.24 Banco Itari 1.52 2.90 0.85 Belgo Min 2.40 5.40 1.40 Lojas Amer 1.40 2.43 1.21 Petrobras Pp 2.38 2.00 1.04 Pirell 1.96 4.00 1.67 Souza Cruz 3.25 6.40 3.70 Unip PE 5.12 4.70 1.03 Vala Rio Doce 4.12
### ### ### ### ### ### ### ### ### ##	nd Tendance (28/12/79): 108.2E 109.5 ; 108.8 ; 108.8 ; 108.7 (15/2/85) ; 95.6 (3/1/85) GERMANY FAZ-Aktien (51/12/56) 258.47 256.56 256.10 256.96 288.60 (16/1/79) 218.11 (21/1/80) CommerzbankiDec.1955 748.90 740.7 741.5 741.1 858.50 (18/1/79) 568.3 (21/1/80) HOLLAND ANP-CBS General (1870) 85.70 85.1 85.2 85.2 94.2 (24/1/79) 81.9 (21/1/80)	5,750 4,900 Bang Ind a Lux. 5,400 2,670 1,925 Bekaert B. 1,925 1,260 980 Giment CSR. 1,085 580 305 Cockeril 345 2,495 2,075 EBES. 2,110 6,940 5,700 Electrobel 5,700 4,210 3,050 Fabrique Nat. 3,825 2,780 2,270 GB Inno. 2,455	High Low Dm. 79 53.9 AEG-Telef	5.50 0.16 Meekatharre	Company Feb. 17 co. the 1980 week Banking, Insurance and Finance Page 1980 Feb. 1980 F
Feb.	ANP-CBS Indust (1879) 64.70 55.4 65.5 68.2 85.3 (24/1/79) 64.70 (22/2/80) HONG KONG Hang Seng Bank(51:7/54) 929.55 945.44 948.89 (c) 985.17 (15/2/80) 483.83 (2/1/79) ITALY Banca Comm. Ital (1872) 94.18 84.43 95.05 94.84 95.08 (20/2/80) 68.89 (2/1/79) JAPAN Dow Average (18/5/49) 6783.22 6778.51,8905.01 8785.09 5859.98 (14/2/80) 5925.87 (10/4) Tokyo New SE (4/1/88) 459.08 469.82 471.04 469.54 472.65 (14/2/80) 455.15 (16/7)	4,010' 2,590 Pan Holding	206 177.5 BHF-Bank 192 245 149 BMW 171,5 315 253 Brown Boveri 305 228 158.5 Commerzbank 188,0 71 42 Conff Gummi 53 239 236.5 Daimler Benz 268 225.1 Degussa 137.5 249 211 [D'scha Baboook 261 309 246.5 Deytscha Bank 265.0 309 246.5 Deytscha Bank 265.0	5.00 1.27/Oakbridge	IDB Bankholding 588 4 53.0 Bank Happoulim Br. 889 + 13.0 Union Bo, of Israel Br. 823 + 55.0 Unioted Mizrahi Bank 534 + 18.0 Hassanah Insurance Br. 439 + 54.0 General Mort. Bank Br. 577 + 44.0 "Tefahot" Isrl. Mt. Bk. 534 + 50.0 Land Development Alrico Israel Inv. JE10 690 + 10.0 Israel Land Dupt. Br. 334 + 64.0 Property and Building 370 + 34.0
Ind. P/E Ratio 8.32 8.45 8.22 9.01 Long Gov. Bond Yield 12.87 11.85 11.88 9.01 N.Y.S.E. ALL COMMON Rises and Falls Feb. 28 Feb. 21 Feb. 20 Feb. Feb. Feb. Feb. Issues Traded	NORWAY Oslo SE ([/1/72) 135.22 140.77; 142.53 145.59 144.70 (14/2/89) 74.46 (18/1/79) SINGAPORE Straits Times (1968) 486.12 482.45 481.86, 485.26 488.26 (19/2/80) 546.54 (25/2/79) SOUTH AFRICA Gold (1968) 555.5 568.7 529.9 548.6 568.1 (11/2/80) 229.48 (17/41) Industrial (1958) 504.1 560.6 581.8 , 568.5 517.2 (14/2/86) 270.56 (27/1/79)	2,985 2,340 Traction Elect 2,565 1,820 1,180 Union Miniere 1,400 1,040 580 Union Miniere 956 1,945 1,326 Vieille Mont 1,785	247 186.8 Dreadner Bank 195 124 Oyok Zement 216 241 136 [GH] 216 107 68 Hapag Lloyd 74.5 139 118.5 Hoechst 125.5 51 55.1 (Hoesch 35.8 500 325 Holzmann (P) 403 165 112 Horten 157.5 170 126 Kali und Salz 166	2.50 1.28 Thos Nationwide 2.42 2.20 1.40-Tooheys	Public Utility Israel Electric Cpn. 420 + 35.0 Investment Companies Bank Leumi Invest. 530 + 23.0 "Clai" Israel Invest. 700 +705.0 Discount Invest. 330 - 52.0 Commercial and Industrial

| Change | C and Poors—10; and Toronto—1.000; the last named based on 1975. † Excluding bonds. \$400 industrials. \$400 industrials plus 40 Utilities, 40 Financials and

SPAIN Madrid SE (28/12/78)

102.78 105.29: 105.22 102.50: 103.28 (21/2/80)

SWEDEN Jacobson & P. (1/1.58) 877.41 877.81 874.85 675.87 401.84 (8/2/78) 831.57 (24/8)

SWITZERLAND Swiss Bank Gp. (51/12/58; 515.99, 316.7 | 516.1 | 518.2 | 529.10 (2/6) | 294.08 (6/1/78)

99.81 (15/1/80)

Feb. 23 Price Krone 152.75 152.95 Andelsbanken 132.75 397 240 Baltice Skand 242.75 181 53.25 Burm & Wain 89.5 129.5 117 CopHandelsbank 119.5 243 202 D. Sukkerfab 203 117 Danske Bank 119 142; 118.5 East Asiatic 130.75 166.22 125 125 Forenede Brygg 227 276 188 Forende Dampsk 167 324 169.5 GNT Hidg 172 194.5 147.25 Nord Kabal 147.25 235 199.75 Novo Ind 255 120.5 75 Papirfabrikker 110.5 144 124 Privatbanken 124.00 143.75 125 Provinsbanken 128 350.25 278 Smidth(FL) 278 452.5 302 S. Berendsen 311 196 103.25 Superfos 103.25

242 | 242 | 242 | 242 | 254 | 168 | Kaufhof | 192 | 227.5 | 167 | KHD | 227 | 227.5 | 167 | KHD | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 HONG KONG 1979.80

g. Insurance
aance
aumi le Iarael. 744 + 14.0
nkholding 588 + 13.0
appoalim Br. 889 + 13.0
Bq. of Israel Br. 823 + 35.0
Mizrahi Bank 534 + 18.0
Mort. Bank Br. 534 + 18.0
nt" Isrl. Mt. Bt. 534 + 50.0 $h_{\rm esem_{\rm BH}}$ 24 | In | e arm * first 3 mars is openi galant 7 A Phyllip

godiai .. Merenei

Milk price rise adds 1.5% to shopping costs

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FINANCIAL TIMES -Grocery Prices Index rose by a further 1.5 per cent in February to 12.32. The main reason for the increase was a sharp rise in milk prices, with the other two major items of the shopping basket, meat and vegetables, remaining fairly stable.

There were no reports from any of the 25 FT shoppers of any shortages of canned foods in supermarkets as a result of the two-month-old steel strike.

Food manufacturers still have about a month's stock of canned foods available and they report that supermarkets, which also hold up to a month's stock in their warehouses, have not in-creased their orders from manu-

The major supermarket chains say there has been little, throughout the UK. if any, panic buying of canned foods so far and point out that adequate supplies of fresh and frozen foods are available. also represents the largest This year, however, supplies Shortages, however, could single cost in the basket have been plentiful and the cost occur in pet foods, which are although this influence is to the basket only rose by 1.5 mainly sold in cans.

for canned goods was also shown by a slight fall in their cost in this month's shopping basket. The canned goods section in February cost £176.55, compared with £176.86 in

The index gives an indication of the trend in prices, rather than acting as an absolute indicator of particular price

monitor a list of 100 grocery items in the same shops. The

this week

TODAY

COMMONS-Private members'

LORDS-Bees Bill, report.

ing.

SELECT

Public

national

Room 15.

motions until 7 pm. Guillo-

tine motion on Social Security

Education Bill, second read-

Thames tidal defences. Wit-

nesses: Permanent Secretary,

Ministry of Agriculture. Sub-ject: Livestock improvement

schemes for crofters. Witnesses: Department of Agri-culture, Scotland. 4.45 pm. Room 16. Home Affairs. Sub-

ject: Public order, Witnesses:

Commission for Racial Equality 5 pm. Room 8. Treasury and Civil Service. Subject: Efficiency of Civil

Service. Witnesses: Mr. W. L.

TOMORROW

COMMONS - Companies Bill,

LORDS - Criminal Justice

tality Witnesses: Department of Health. 4.30 pm. Room 15. Foreign Affairs.

Overseas Development sub-

committee Subject: Increase in overseas students' fees. Witnesses: High Commis-

sioner of Sierra Leone, Coun-

cil for Education in the Commonwealth, UK Council for Overseas Student Affairs.

Committee of Vice-Chancel-

lors and Principals. 4.45 pm. Room 16. Ombudsman. Sub-

Room 16. Umpuusman ject: Report of Health Ser-Commissioner Wit-

vice Commissioner Witnesses: Mr. C. M. Clotheir,

Health Service Commissioner. 5 pm. Room 7.

WEDESDAY

Commons-Companies Bill, re-

LORDS—Debate on Finniston Report. Short debate on

maining stages.

SELECT

(Scotland) Bill, report. SELECT COMMITTEES --Social Services Subject: Perinatal and neonatal mor-

remaining stages.

Civil Service

staff Side. 5 pm.

COMMITTEES

Accounts. Subject:

Parliamentary business

·	February £	january £
Dairy produce	615.22	591.26
iugar, tea, coffee, soft drinks	191,58	189.44
Bread, flour and cereals	279.61	278.02
reserves and dry groceries	98.74	99.25
auces and pickies	47.29	46.92
Canned goods	176.55	176.86
Frozen foods	215.64	214.73
feat, bacon etc. (fresh)	507.42 -	507.76
ruit and vegetables	243.65	240.01
Non-foods	224.38	216.57
Totai	2,600.08	2,560.82

Index for February: 122.32 1979; January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74. 1980: January 120.47; February 122.32.

The largest increase in the basket this month was in dairy produce, which in value terms countered by the overall weight- per cent.

over 4 per cent in February compared with a less than 1 per cent increase in January.

The main reason was the 1-p increase in the price of milk implemented last week. The

price of some cheeses also went up as a result rises, this rise will almost cer-tainly lead to a short-term fall levels.

It is based on data collected each month by 25 shoppers, who tion.

Relatively mild weather this shops chosen range from super month also meant a lower-than- be made to Lucinda Wetherali stores to small village grocers expected increase in the price at the Financial Times.

of fresh fruit and vegetables. Usually, cold February

weather means many crops remain frozen in the ground.

The lack of any extra demand ing of the index.

Meat items showed a slight or canned goods was also

Dairy produce rose by just fall in cost after a 2.6 per cent rise last month. The stability in prices was helped by last week's cut in the wholesale price of bacon, as well as the continuing competition between

meat retail outlets. The non foods section of the o as a result.

As with previous milk price detergents, rose by 3.6 per cent, which probably reflects the increase in oil prices now filtering through to oil-based products.
The FT Grocery Prices Index

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Secure behind their exclusion clauses

BY OUR INSURANCE CORRESPONDENT

IF YOU EMPLOY a security firm to patrol your factory when it is closed, and one of the patrolmen deliberately starts a fire which gets out of control and destroys your factory, can you (or your fire insurers) recover the cost of reinstatement from the security com-

Equity, reasonableness, common sense and virtually any nonlegal basis one can think of would seem to suggest that it is right in these circumstances for you to have redress.

But security firms have tightly drawn contracts, with strongly worded exclusions, and the legal answer to the question I have posed, delivered by the House of Lords a few days ago, shows that provided its exclusion clauses are firm and clear, the security company can escape liability.

Later this year, when the full report of the judgments in Photo Production v. Securicor Transport is available, we shall all be able to analyse more positively the decision.

Meantime, it has to be recorded that the Law Lords unanimously overturned the the Court of Appeal that Securicor could not shelter behind its exclusions.

So a long-running law suit has come to its legal terminus and, saving Parliamentary intervention to change the law, security entitled to rely on exclusion clauses as against their commercial customers.

position in respect of consumer contracts - contracts with the ordinary citizen made in his or her private capacity. True, these are few in number

Uncertain, however, is their

but the number is growing with the continuing increase in the installation of burglar alarms in

The Unfair Contract Terms Act, 1977, applies to consumer contracts, and in the event of dispute, enables the court to apply exclusion clauses having regard to what is just and reasonable.

Date

Current

Mar. 25—28 Mar. 26—28

Coming back to the commercial scene, the Securicor case stands out as a unique piece of litigation history because there has been no similar major law-suit reported against a security firm in the last decade.

In the vast majority of commercial cases, where premises are damaged by fire, where property is stolen by thieves the fire damage or the crime loss is insured and moreover that insurance may be scheduled, with a number of insurers participating.

For its part, the security

company, despite its protective contractual exclusions, will have against claims which pierce the chinks in its defensive armour. So a dispute over loss or

damage, where it is alleged that the security firm has not done its job, comes more often than not to a dispute between insurers; and where a fire loss is concerned, and where the risk is scheduled, one insurer can be involved in both sides of the dispute.

It is mainly because of this insurance background that there has been such an absence of litigation-and the House of Lords judgment makes the prospect of future litigation most unlikely.

The security companies may now hope to get some alleviation in the liability premiums they pay, for the risk they insure is patently less than it appeared it might be even a few days ago.

They may hope, but whether those hopes are realised resta the individual under writers at next renewal.

Deb. 1-2 141Perp.isc Port of London Authority 612pt Reg. 1967-90 31pt Ransomes and Raoler Deb. 13pc Ransomes and Raoler Deb. 13pc Ravbeck 101pcPt. 5-125pc Redland 61-pcPt. 2-275pc Rickmansworth and Ukbridge Valley Water Redemption 10pcRes.Pt. 1980 River Plate and Gen. Invest. Tst. 5pcPtd. Sallsbury J.J. Ln. 3pc Sallord 51-pc Red. 1986-88 21pc Sangers Ln. 3pc

Sangers Lin. 3pc School-8d Z'4pc Sangers Lin. 3pc School-8d Z'4pc School-8d School-8d Z'4pc School-8d School-8d Z'4pc Z'

Pt. 2192-03 2.27spc. 4.28c (mmy-Pt. 2.19c 67)-cts
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Treas Union Coro. 59cts
Treasury Ln. 14'-pc 1994 7\-pc. 8
1997 4-bcc.
1997 4-bcc.
1998 7-bcc.
1998 1-bcc.
1998 1-b

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

International Electrical Exhibition (0483 222888) (until Feb. 29) International Instruments, Electronics and Automation Exhibition (021-705 6707) (until International Pneumatics and Hydraulics Exhibition, including Compressors and Power Transmission Equipment (021-705 6707) (until Feb. 29)

Feb. 26—28 Drawing Office Show—DOMMDA (01-242 3621)
Feb. 29—Mar. 9 . Camping, Outdoor Holiday Exhibition and Motor Caravan Show (01-282 2886)
Mar. 2—6 Autoquip Exhibition (01-235 7000)
Mar. 2—6 International Contract Furnishing and Interfor

Design Exhibition (01-540 1101)
National Mail Order Merchandise Show (0272
292156)
Automatic Laboratory Techniques Exhibition (01-S55 7777)
Chelsea Antiques Fair (0727 56069)
Ideal Home Exhibition (01-353 4000)
Fire Protection Association LPG Conference and Exhibition (0277 74290)

Mar. 5—6 Mar. 11—13 Microforum Europe (01-405 6233)

Mar. 11—13 Microforum Europe (01-405 6233)

Mar. 17—21 Ready-to-Wear Fashion Fair (01-637 2400)

Mar. 17—21 Brewex '80—International Brewing, Bottling and Allied Trades Exhibition (021 705 6707) Packaging Exhibition-PAKEX Mar. 17-21 (021-705 6707)
London Fashion Exhibition (01-385 1200)
Viewdata 'SO Exhibition (0895 39262)

OVERSEAS TRADE FAIRS AND Current International Trade Fair for Musical Instruments,
Musical Accessories and Musical Publishers (01-734 0543) (until Feb. 27) Gift Show (01-215 7877) (until Feb. 29) Feb. 25—28 Automotive Engineering Congress and Exhibition (01-215 7877) Feb. 26—29 World Fair of Technology Exchange TECHEX (01-584 5749) Feb. 26—29 Offshore South East Asia Exhibition (01486 1951)
Mar. 1—10 International Art of Homemaking Exhibition (01-Feb. 26-29 439 3964)
European Fashion Fair (01-215 7877)

Mar. 2—6 International Spring Trade Fair (01-734 0543)

Mar. 2—9 International Agricultural Exhibition (01-439 3964) Mar. 4—12 IMF SO International Fair for Mechanical Handling (0727 63213)

Mar. 8—Mar. 16... International Spring Fair (01-483 3111)
Mar. 10—13 International Footwear Fair (01-589 4891)
Mar. 15—21 World Photographic Exhibition—WORLD PHOTO (021-705 6707)
Middle East Business Equipment Show (01-486 1951) Mar. 16-20 Confectionery, Chocolate and Biscuits (INTERSUC)

(01-39 3964)
Mar. 23—31 Spring Fair (01-935 8200)
Mar. 27—Mar. 31 Machine Tool Exhibition—METAV (01-409 0956)

NEC. Birmingham Vembley Conference Centre Wembley Conference Centre Olympia Royal Horticultural Halls

NEC, Birmingham

NEC, Birmingham

West Centre Hotel, London Chelsea Old Town Hall Earls Court

Connaught Rooms, London Wembley Conference Centre NEC, Birmingham

NEC, Birmingham

Olympia Wembley Conference Centre

EXHIBITIONS

Frankfurt New York

New York Frankfurt Paris

Basle Leipzig Elda

Singapore Bahrain

Dusseldorf

Pall Mall, SW1

London Press Centre

NEC, Birmingham

Parker Street, WC2

Hyde Park Hotel, W1

BUSINESS AND MANAGEMENT CONFERENCES Feb. 25-29

Moroccan Ministry of Trade and Industry in cooperation with UN Industrial Development Organisation: International Industrial Investment Forum (01-584 8827)

Mar. 3-4 FT Conference: World Motor Industry (01-236 4382)

Mar. 4 The Institute of Directors: Are Chips Fattening? (01-940 4925)
British Printing Industries Federation: Books UK
(01-242 8904) SOCPO: Facing Change in the 1980's—The Role of the Personnel Function (Worcester 353366)
BIM: Getting to Grips with Mini and Micro Computers (01-405 3456) Government Research Corp.: U.S. Banking in 1985 Mar. 10--11 (0444 51507) Compower Training School: JCL/Utilities for Mar, 10—13 Operations Staff (Cannock 2511)

Henley School for Forecasting: Forecasts for Consumer Marketing Plans Short, Medium and

Long Term (01-353 9961)
International Council of Shopping Centres: The Changing Face of Shopping (01-589 3422) P.A. International-The Successful Acquisition of Companies in the U.S. (01-581 2067)

CCC: The Use of Offshore Financial Centres-The Netherlands and the Netherland Antilles (01-222 6362) Eurotech: Office Planning and Design (Aldershot

Cannock Carlton Tower Hotel, W1 Hilton Hotel, W1

Hilton Hotel, W1

Lido de France. Jersey Sheraton Park Hotel, SW1

COMPANY NOTICES

(OLYMPUS KOGAKU KOGYO KABUSHIKI KAISHA) (OLYMPUS KOGAKU KOGYO KABUSHIKI KAISHA)

S. G. WARSURG & CO. LTD., as Depositary, announce that a dividend of yen 5.25 per Common Share of yen 5.01 Common dividend: Yen 3.75 per share plus Commercrative dividend: Yen 1.50 per shareh has been paid to shareholders on the books of the above Company as at 3.15t October, 1979, in respect of the six mornis period ended on that care. As a result the Depositary Sharer are entitled to a dividend of Yen 10? which converted at the Exchange Rate railing on 13th February, 1980. c. Yen 242.80 = U.S.50.00—broducts U.S.50.452454 per Depositary Share.

After adding the tractional amount brought torward from the last dividend in accordance with paragraph 12 of the Bearer Depositary Receipt, coupons will be paid at the following rates per Depositary Share:

Under deduction of 15% Japanese Withholding Tax = U.S.50.37

Under deduction of 10% Japanese Withholding Tax = U.S.50.35

A fractional amount of U.S.50.005315 per Depositary Share is withheld and will be added to the next dividend when paid.

Holders of Bearer Depositary Receipts may present for payment Coupon No. 27 which becomes payable on 25th February. 1980, to S. G. Warburg & Co. Ltd. Coupon Department. St. Albams House. Goldsmith. Street. London EC2P .DL or at the offices of any of the undermediated Sub-Depositarion subject to deduction of Japanese Withholding Tax and Coupon the Department. St. Albams House. Goldsmith. Street. London EC2P .DL or at the offices of any of the undermentioned Sub-Depositarion of Japanese Withholding Tax and Coupon Tax (if any) at the appropriate rates. Details of tax deduction may be obtained from the Depositary or Sub-Depositarion Endeaded to the sub-Depositary or Sub-Depositarion Brussels. Belgium

S. G. WARBURG & CO. LTD., as Depositary.

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR US\$ 30,000,000 FLOATING RATE NOTES 1977-1984

In accordance with the terms and conditions of the above Notes, the rate of interest applicable for the semi-annual period beginning February 25, 1980, has been fixed at 161%.

BANQUE INTERNATIONALE A LUXEMBOURG SOCIETE ANONYME TRUSTÉE

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY MAKITA ELECTRIC WORKS, LTD. (CDRs) NOTICE IS HEREBY GIVEN that th Combination of denominations is possible.

After 16.5.1980 the equivalent of the CDRs which have not been claimed by the holders proceeds, after deduction of species, will be held in cash at the disposal of said holders.

Further the undersigned announces that as from 29th February 1980 at Kas-Associable N.V. In Amsterdam, div. cp. no. 15 (accompanied by an "Affidawit") of the CDRs Makita Electric Works. Lid., will be payable with DBs. 1.57 net per CDR. repr. 50 shs. and DBs. 33.40 per CDR. repr. 1.000 shs. (div. per record-date 20.8.80; gross Yen 5 p. sh.) after deduction of 15%, Januares tax with the companies of the companie 28. St. Andrew Square. Edinburgh. KINGDOM OF DENMARK NOTICE IS NEREBY GIVEN to Bondholders of the above load that the amount redeemable on April 15. 1980, i.e. FF2.500,000 was bought in the market. Amount outstand 74% 1973/1988 FF100.000.000

The Fiscal Agent KREDIETBANK S.A. LUXEMBOURGEOISE Lexembodry. February 25, 1980.

Coupon No. 2 will be navable from 22nd February 1980 onwards at Bang internationale à Luxembours. 2. Boolev Royal, Luxembours, at the rate SUSO.2475 per share, less any addition withholding tax that may be defactible. This amount represents the dividead

TRAVEL GENEVA, Basie. Zurtch and Berne. widest choice of chasp flights from 4 U.K. air-ports. Brochure. FALCON 01-351 2191.

I. E. T. HOLDINGS LIMITED OTICE IS HEREBY GIVEN that an Graordinary General Meeting of L. E. T. Holdings Limited will be held at \$1. Martin's House, Tit Floor, 16 5t. Martin's le Grand. London ECIA 4EP on Monday the seventeenth of March. 1980 at 11 a.m. for the purpose of considering, and it thought \$1. passing the following resolution, which will be proposed as an Ordinary Resolution.

tion, which will be proposed as an Ordinary Resolution
Resolution
That the conditional agreement dated 31st January, 1280 between 41) the Company and CI Sociedade Comercial Santa Justa S.A.R.L., Carlos Eduardo Rodrigues, Lda., and Alves Ribeiro. Lda., being the conditional agreement for the disposal of the Company's property at Rus das Amoreiras, Liebon be hereby approved, confirmed and ratified.

Dated his 22nd day of February, 1980.
By Order of the Board of Directors.
D. J. PHILLIPS, Secretary.

MOTICE IS HEREBY GIVEN that the Eighty-second Annual General Meeting of L. E. T. Holdings Limited will be held at St. Martin's House. 7th Floor. 16 St. Martin's House and London ECTA 4EP on Martin's House and March 1980 at 11.30 a.m. to law to

ares to elect Directors. 'o re-appoint the Authors and authorise e Directors to ha their renuneration the Directors to my their remineration and in trimact any other ordinary business of the Company of Pehrinary, 1980, By Order of the Board of Directors D. J. PHILLIPS, Secretary, Registered Office: St Martin's House '6th Floor, 16, 5th Marthn's-le-Grand, London EC1A 4EP.

Motos, London ECIA 4EP.

Motos, London ECIA 4EP.

Motos, a membre entitled to attend and vote at the Mercinos convened by the above Mercinos convened by the above Mercinos or his proxy to attend, and to steel increase as his proxy to attend, and to steel increase at the Company of the Increase of the Company of the Increase of the Increas

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A.

(SOFTE) U.S.550.000.000.- GUARANTEED FLOATING RATE NOTES 1978/1983 NOTICE IS HEREBY GIVEN to the halders of above Notes that the amount receemable on April 8, 1980 i.e. U.S 13,000,000, was baught in the market Amount outstanding: U.S.\$44.000.000. THE FISCAL AGENT.
KREDIETBANK

8'4% TREASURY LOAN 1997

BONDS TO BLARER
The Bank of England give notice that new
COLPON SHEETS for the above-mentioned
Loan will be awailable to TALONS.
Listing forms for taions are obtainable
from the Chief Accountant's Office Bank
Buildings). Bank of England. 2. Bank
Buildings. Princes Street. London EZE
8EU. and taions should be presented there
the cachange from the 24th April 1981.

In should not be sent through the post.

NOTICE IS HEREBY GIVEN that the Transfer Books of the 4.7% Redeemable Debenture of Prince 198 186 and the 12 clotted from 17th to 28th March 1980 thoth data inclusive for the preparation of the warrants for interest and Dividend payable on the 31st March, 1980. By Order of the Board J. A. Lethwalte, Secretary.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN NIPPON SHINPAN CO. LTD. NOTICE IS HEREBY GIVEN that at a neeting of the Board of Directors of

CITIBANK N.A. February 25, 1980.

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 9.25% 1978-1998 OF U.S. 25.000,000. MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY communities announces that the annual instalment of Bonds amounting to U.S.4850.000 has been purchased for redemotion on April 1, 1980.

Amount outstanding after April 1, 1980: USS23,300,000.

LEGAL NOTICES

IN THE SUPREME COURT OF SOUTH AFRICA
(Witwatersrand Local Division)
In the matter of the application
UNION CORPORATION LIMITED
NOTICE OF SCHEME MEETING

UNION CORPORATION LIMITED

NOTICE of SCHEME MEETING

NOTICE is given in terms of an Order dated 19 February 1980 in the above matter that the Supreme Court of South Africa (Witwatersrand Local Division) has ordered a meeting of members of the above-mentioned applicant, Union Corporation Limited (the "company"), other than General Mining and Finance Corporation Limited, its subsidiaries and nominees, (the "acheme members") to be held on 19 March 1880 at 08h30 in the conference room, ground floor, Union Corporation Building, 74/78 Marshall Street, Johannesburg, 2001 under the chairmanship of Kanneth Cyril Simon, or ialling him, a partner in the firm of Webber Wentzel & Conominated by that firm for that purpose, for the purpose of considering and, if deemed fit, agreeing, with or without modification, to a scheme of arranjament (the "scheme ") between the company and the scheme members, which scheme will be submitted to such meeting and the seid cheliman will be entitled, if he deems it necessary or desirable to do so, to adjourn the said meeting from time to time.

A copy of the scheme and explainatory statement in terms of gection 312(1) of the Companies Act 1973, as amended explaining the scheme and explained or request from the company's registered office. Union Corporation Building, 74/78 Marshell Street, Johannesburg, 2001, or Hill Samuof Registers Limited, 6 Greencoat vote in person at the meeting or mey appoint any berson (who need not be a member of the company) as a proxy to attend and speak an

office or Hill Samuel Registrars Limited at the addresses given above. In terms of the Order of Court, the chairman of the meeting will report the result thereof to the above Honourable Court on 25 Merch 1980.

The scheme is subject to it being sanctioned by the above Honourable Court and to the conditions stated in clause 3 of the scheme.
Webber Wentzel & Co.,
11th Floor.
Standard Bank Centre,
78 For Street,
Johannesburg, 2001.

Financial Times Conferences

Helsinki-April 28 and 29, 1980

COMMITTEES -

Presentations will include an analysis of the immediate outlook for the industry. Presentations will include an analysis of the immediate outlook for the industry. given by Mr. Bo Wergens, Director General, The Swedish Pulp and Paper Association and Dr. H. Geginat, Chairman of the Board of Management, Feldmühle AG will be giving the European Community Company View.

including the role of the video disc and automotive equipment in offices.

All enquiries should be addressed to: Financial Times Limited Conference Organisation Bracken House, 10 Cannon Street London ECAP 4BY

Tel: 01-236 4382 Telex: 27347 FTCONF G

WEEK'S FINANCIAL DIARY

SW 11.15 Northern Foods, Grange Park Hotel, Willerby Nr. Hull, 12.30 BOARD MEETINGS—

2nd) Henderson-Kenton 10pcPI, 5pc Hoghes Tool 21cts Kalser Aluminium and Chemical Corp.

1.75c.
1.75c.
1.75c.
1.25c.
1.

of Tyne August....
12 yes
12 yes
13 Rentals Ln. 3 Lpc
14 Publishing Debs. 3 Dy. 4pc. Lns. 24
175pc

receip recitisning pebs. 31h 4pc. Lnt. 24
41pc
Scottish Mortspace and Tst. 5pcPt. 1.75pc
Smith (David 5.) 2.5p
South Staffordshire
(fmlv. 7pc) Ord. (Classes A. 8 and Cl
2.45pc. 3.5pc (fmlv. 5pc) Ord. 1.75pc
Sormab Valley Tes 3.50448p
Symonds Enging. 0.2225p
Symonds Enging. 0.2225p
Temple 8ar Invest. Tst. Deb. 21pc
Toligate 10cts
USM Debs. 22, 31, 34pc. Ln. 5pc
Value 15 Company 15 Company 15 Company 16 Co

Vaux Brewerles 4.2p
Vinten 1p
SATURDAY, MARCH 1
DIVIDEND & INTEREST PAYMENTS—
AMAX, Inc. 60cts
Arrow Deb. 34pc
American Brands Inc. 137 tcts
Anglo-Angentine Transways 4pc 3rd Deb.
20pc. Deb. 2pc
Bive Circle Debs. 3 31pc
Bowater Coron. Deb. 1 inc.
Bristo 134pc Red. 1981 6 hoc
Bristo 198

Loc Deb. 2 lpc (1975-80)
llens Stores 3 lpc.Pf. 1.75pc
nleif Broweries Deb. 2pc
minion and Genoral Tst. Deb. 2 lpc
lyton Pramier Invest. Tst. Deb. 2 lpc
t Surroy Water 2.5pc (fmly. 4pc; Pf.
4pc. Debs. 2 2 lc (1989-91) 3 lpc (1990187) 3 lpc 5pc

East Survey Water 2.8sc (fmly. 4sc; Pt. 1.4sc. Debs. 2 24 (1989-91) 3½ (1990-1992) 3½ 5sc Electric and General Invest. Deb. 4½sc Fire 13½sc Red. 1983-84 85sc Ford Monor 100cts Forte Holdings Debs. 2.4 3.85sc Gallaher Le. 3sc Greek Seci.8. 1914 (Assd., with accept. crts.) 2 2sc (Stig. Fdg. Bds. of 1965) 23sc of Man 3½sc Reg. 1981 1½sc (Sig. accept. 1985) 23sc of Man 3½sc Reg. 1981 1½sc (Sig. accept. 1985) 23sc of Man 3½sc Reg. 1981 1½sc (Sig. accept. 1985) 23sc of Man 3½sc Reg. 1981 1½sc (Sig. accept. 1985) 23sc of Man 3½sc Reg. 1981 1½sc of Man 3½sc Reg.

4.89 McLeery L'Amio SpcPf. 1.7590 McCardile Investment Tst. Deb 1'spc Mercandile Investment Tst. Deb 1'spc Metropolitan Water Board 30r (B) 1'spc Mid Southern Water 3.5pc Cons. Ord. 1'75pc Minas Gorals (Strate of) 6'tepc 30-vr. Montanto 2'spc

County 3pc Cons. 11ppc. 23ppc Cons. 13-pc.
London Prudential Invest. Tst. Deb. 13-pc.
Low and Bonar Buc 1st and 2nd Pt. 2.1pc.
Stptcff, 1,925pc.
M and G General Tst. Fund Income Units Amsterdam. 15th February 1980.

TODAY
COMPANY MEETINGS--Barr (A. G.), 1306, Gallow Gate. Glasgow.
11.00
Crest Intni., 53 Lincoln's Inn Field, WC.
12.00
BOARD MEETINGS--Streeter Atkins Bros. (Hosiery) 5'upcPl, 1.925p Automated Security 8pcPl, 4pc Bank of Montreal 37cts Bankers Inv. Tst. 0.55p Berry Tst. Ln. 21pc Burmah Oll Ln. 44pc CLRP Inv. Tst. Deb, 31pc Clty and Intnl. Tst. 5pcPld. 1.75pc. Ln. City and Intal. Tst. Spt.Pld. 1.75pc. Ln.
Zipc.
City of Loadon Brewery and Inv. Tst. 20pc.
Ptd. Ord. 7pc. 6pcPl. 2.1pc. 6pc2ndPl.
2.1pc. Did. Unit 0.88p
Cowle T. J.22p
Croda Intal. Ln. Shac
Decta Spt.Pl. 1.75pc.
Derby Tst. Income 10.627p
Diamond Stvius 0.2964p
Dubson Park 2.875p
Dubson Park 2.875p
Dubsor Spt.Pl. 1.75pc
Dubsort Spt.Pl. 1.75pc
Electronic Rentals 1.1867p
Equilty Income Tst. Debs. 21 35pc
Excallbur Jewelter 11.5pcPl. 5.75pc
Foster Bros. Clothing StpcPl. 1.925pc
General and Commercial Inv. Tst. 5/spcPl.
1.925pc

on-Kenton 1.25p h y.: Debs. 24, 34, 37200

Inveresk 4-2pc1stPt. 2.1pc. 4.2pc2adPt. 2.1pc
Kwik-Fit (Tyres and Exhapsts) Ln. 4pc
Leda Inv. Tst. Income 2.45p
Liverpool 13pc 1985 6!-pc
London and Holyrood 7st. 5pcDb. 2!-pc
London and Scottlish Marine Oil Ln. 7pc
Magnet Joinery Oeb. 4:-pc
May and Hassell 6pcPt. 2.1pc
Mejropolitan Water Board 51-pc 1976-80
23-pc pc w 7pcRed.Pf. 1983 1.132pc v Zeala-r 6pc 1976-80 3pc

New Zeilant 6pt 1976-80 3pc
Pittadilly Theatre 1.5p
Rithards and Wallington 71-pcPt, 2.625ec
Scott and Robertson Ln. 33-pc
Security Services 41-pcPt, 1.575pc
Shaw Carpets SpcPt, 2.8pc
Silverhorne 1p
Smith Bulmer SpcPt, 2.1pc. 10pcPt, 3.5pc
Sotheby Parke Bernet 91-pcPt, 4.75pc
Stroud Riley Drummond 0.5p
Travis and Amold Ln. 4pc
Travis and Amold Ln. 4pc
Tripleyest Oeb, 371-pc
Tyndail Oerseas Fund (Sterling) Disbn. 7p
Unchrome Inth. 0.4p
Wormalds Walker and Attinson Ln. 41-pc
FERDAY. FERBUARY 29

Australian and International Trost
BPM
Brown Brothers
DIVIDEND & INTEREST PAYMENTS—
fairdelt Toxilies Ord, and A 0.30
Nash U, F.) Secs. 3.59
Nottligham Brick 12.72p
Resilant Motor 0.59
Resilant Motor 0.59
Resilant Motor 0.59
Resilant Motor 0.50
Resilant Notor 0.50
Resilant 0.50
Resil

Finals: Cardinal Investment Trust Imperial Chemical Industries Imperial Chemical Ingustres Interins: Campari International Challenge Corporation Challenge Corporation Commercial Seaso of Australia Footwear adjusty Investments Leagues Sep Property Investments Corporation Sep Property Trist Williams of Corporational Corporation of Corporational Corporation of Corporational Corporation of Corporatio

FRIDAY

BOARD MEETINGS—
Finals:
Alevanders Holdings
Baynes (Charles)
Ransomes, Sims and Jefferies
Ransomes, Sims and Jefferies
Ransomes, Sims and Jefferies
Ransomes, Sims and Jefferies
Randerian
Final Corp. 15cts
Baker Intol. Corp. 15cts
Baker Intol. Corp. 15cts
Bachtam Engineers 6p
Brooke Tool Enging, 1.8775b
Citicarb Oversess Fin. Corp. Gad. Fitg.
Rate Nores 1983 US3394.93
Deritend Stamping 3.3p
Eaton Corp. 43cts
Exchequer 121-pc 1992 61-pc
Forminster 1.68p
Raeburg Invest. 4.9p Associa. 10 am. Room 6. Energy Committee. Subject: Government's nuclear power programme. Witnesses: Mr. Gerald Leach, Lord Bowden. 10.45 am. Room 8. Foreign Affairs. Subject: Consequences of Soviet expansion for British foreign policy and Olympic Witnesses: Sports Forminster 1.68p
Raeburn Invest. 4.9p
Ranks Howis McCdugall Lng. 41s
Sammerville (Wm.) 0.50
COMPANY MEETINGS—
First National Finance Corpn. Wit
House. 100. Old Broad St. EC. 2
Nottlingham Brick, Daybrook
Ribbesdale Rd. Sherwood Nottl
12.00 Central Council for Physical Recreation, Dr. Karen Darwisha, Mr. Hector Munro, Environment Under-Secretary. 10.45 am. Room Ribbesdale Rd. Sherwood Nottingham 12.00 Vecils Stone, Bugle Hotel, Newport, I.o.W., 12.00 BDARD MEETINGS— 15. Industry and Trade. Witnesses: British Ship-builders. 10.45 am Room. Finals: Braime (T. F. and J. H.) Commercial Union Assurar English and Scottish Inver Hongkong and Shanghai 16. Transport. Subject: EEC green paper on transport infrastructure. Witnesses: infrastructure. Witnesses: British Road Federation. 4.15 IMI
Investing in Success Equities
London and Lomond Inv. Ts.
Motalrax
Mount Charlotte Investments
Mational Westminster Bank pm. Room. 8. Employment. VARUME
Interims
Austin (F.) Levice
Brotherhood (Peter)
Fizzwitton
Raine Engineering Industries
DIVIDEND & INTEREST PAYMENTS—
Danae Invest. Tst. Income 1.5p
Dinons Photographic 1.25p
Mercantife House 4p
Vectls Stone 0.95p
WEDNESDAY, FEBRUARY 27
COMPANY MEETINGS—
ASSOC. Sprayers. Plume St. Birmingham. Wormsids Walker and Atkinson Ln. 41-pc
FRIDAY. FEBRUARY 29
COMPANY MEETINGS—
Assam Ints. 40, St. Mary Axe, EC. 11.30
French Thos.t. The Conference Centre.
Lanzashine County Cricket Club. Old
Trafford Manchester. 12.30
Gough Cooper. Rromley Court Hotel.
Grande Tit., 70. Finsbury Pavement. EC
12.30
Manchester Ship Canal Feet Court 12.30

Manchester Ship Canal. Free Trade Hall, Peters St., Manchester. 12.00 Mid Southern Water Frimley Green, Camberley, Surroy, 12.00 Mulrhead, Hyde Park Hotel. Knightsbridge. SW 11.15
Northern Economics.

COMPANY MEETINGS—
Assoc. Sprayers. Plume St.. Birmingham.
12.00
BOC Intnl.. Lyric Theatre Hammersmith.
King St.. W. 3.00
M, and G. Dual 1st.. Three Quays. Tower
Hill, EC. 2.15
Nash U. F.: Birmingham Chamber of
Induscry and Commerce Harborne Rd..
Birmingham. 12.00
Silverthorne. Queens Hotel, Cheltenham,
Gloucestershire, 2.30
Unochrome Intnl.. Queens Hotel, Cheltenham.
BOARD MEETINGS—
BOARD MEETINGS—
Finals:

BOARD MEETINGS—
Finals:
Habit Precision Engineering
Woodhouse and Risson
DIVIDEND & INTEREST PAYMENTS—
Allice Breweries 20
Ashdown Inv. Tat. Deb. 2½pc
Bank America Corn. 33cts
Bergen Bank Als Fits. Rate Cap. Notes
due 1989 US336-58
British Industries and General Invest. Tst.
Deb. 3½pc
Burtonwood Brewery (Forshaws) 1.695p
Carter Hawley Hale Stores 27 cts
Cricorp Overseas Fin. Corn. Gdd. Fity.
Rate Notes due 1984 US\$129.17
Complair 2.03p
Continental and Industrial Tst. Deb. 2½pc
Continental and Industrial Tst. Deb. 2½pc
Cronite 2.1345p
Erostermans Stores Pt. 3pc. Pt. 24apc (1st
Henderson-Kenton 10ocPi. 5pc

Subject: Legal immunity of trade unions. Witnesses: Sir David McNee, Metropolitan
Police Commissioner, Sir
Philip Knight, Chief Constable of West Midlands, Mr. J. Woodcock, Chief Constable of South Wales, Mr. J. H. Brownlow, Chief Constable of South Yorkshire. 4.30 pm. Room 15. THURSDAY COMMONS-Debate on Labour motion of no confidence in the economic and industrial

policies of the Government. LORDS - Residential Homes Bill, committee. Water Bill, second reading. Protection of Trading Interests Bill, third reading. National Heritage Bill, committee. Farm and Horticultural Grant Orders. Short debate on commercial

ration. Subject: Race relations and the "Sus" law. Witnesses: Bar Council, Society of Labour Lawyers.

Hoover Moorside Trust International Trust SPM size fast breeder nuclear

reactor. SELECT COMMITTEES-Agriculture. Subject: Implications for the UK of the Common Agricultural Policy on milk and dairy products. Witnesses: National Farmers' Union, County Landowners Assoc. 11 am. Room 16. Home Affairs. Subcommittee on Race Relations and Immi-

4.30 pm. Room 15.

Education. Subject: Information, storage and retrieval in British Library Service. Witnesses: Standing Confer-COMMONS - Private members' ence on National and Uni-

versity Libraries, the Library

World Pulp and Paper Conference

World Electronics—Strategies for Success

Monte Carlo—May 5, 6 and 7, 1980

A conference arranged with Mackintosh International to examine three specific themes.

The first, devoted to the European electronics industry, will focus on the resurgence of the European industry and the implications of its successful penetration of the

The second will concentrate on the general challenge to U.S. domination in the electronics industry and on the growth of the industry in Europe, the Middle East and Asia. Thirdly, the emergence of the "Information Society" will be analysed. The opening address will be given by Viscount Etienne Davignon, Commissioner for Internal Market and Industrial Affairs, Commission of the European Communities.

Cables: FINCONF LONDON

BY ROGER BOYES IN BONN

LUFTHANSA, the West Ger- been the worst hit by the fuel Its fares on European routes, tainly as far as fuel costs are man airline, made a profit last price increases and will report for example, rose only by about year and expects to stay in the a loss to the parent company 5 per cent, compared to the 10 black in 1980 as well, despite compared to a DM 6.5m per cent recommended by the black in 1980 as well, despite compared to a DM 6.5m per cent recommended by the the uncertainties surrounding (\$1.62m) profit in 1978. This International Air Transport the cost of aircraft fuel.

Although the airline gave no but the airline will stay in profit. exact profit figures, a shareholder's letter has made clear compensated for the increased

will affect the overall earnings position of Lufthansa in 1979,

Passengers carried by the airthat a sharp increase in passen-ger and freight demand has 13.7m in 1979 while freight rose cost of kerosene and the tem-porary worldwide grounding of passengers may, to some extent, Lufthansa appears DC-10 long range airliners. The reflect Lufthansa's restraint in relatively privileged position Lumpur, Leningrad and Peking

Association at last summer's Geneva meeting.
This seems to have helped to

sustain demand while not necessarily biting into revenue -gross passenger revenue rose by 11.7 per cent to DM 3.6bn. by 13.6 per cent to almost Overall revenue was up by 12

Lufthansa appears to be in a Condor airlines subsidiary has fare pricing over the past year, among European airlines, cer- to its schedules.

concerned. It uses significantly less kerosene than some of the other major airlines because of its modern fleet and has benefited from the strength of the Deutsche Mark in purchasyearMar. 5 Int. 3.025Mar. 29 Final 4.245

Kleinwort
Benson...Mer. 13 Final 3.59
Lend Gp.Apr. 2 Final 1.52
Legal and Gen.
Assca...Mer. 28 Final 4.184
Lex Service ...Mer. 8 Final 2.7
Liverpool

London Shop Prop...Mar. 1 Int. 0.901 Lucas Inda. ...Mar. 29 Int. 2,567

*Midland Bank.....Mar. 14 Final 9.942

NatworkFeb. 26 Final 7.15
Newman
Tonks...Mar. 23 Int. 1.5
Nawa Intl. ...Mar. 29 Final 5.48
Phillips

Lamps._Mar. 22 Final due PrudentialMar. 26 Final 5.263

(Austin).....Mar. 29 Final 3.051
*RentokilMar. 4 Final 1.15
RockwareMar. 21 Final 3.67
Rolls-Royce

Rolls-Royce
Motors...Mer. 12 Final 2.995
*Royel Dutch ...Mer. 6 Final Fi 5.75
*Royel Inste. ...Mer. 3 Finel 11.5
Samuel
Props...Mer. 29 Finel 9.775
*ShellMer. 6 Finel 6.996
Slough Este. ...Mer. 28 Finel 1.529
Smith and

Smith and Nephew...Mer. 15 Finel 1.780
SteetleyMer. 20 Finel 4.473
Stone-PlattMer. 22 Finel 1.33
Tiger OetsMer. 21 Finel 33c
Tilling (T.)Mer. 21 Finel 3.01

Transport
Dev....Mar. 13 Final 2.351
TriceatrolMar. 15 Final 0.837
Tuba Invs. ...Mar. 19 Final 12.421
*Turner and
Newall...Mar. 12 Final 7.0
*UnileverMar. 4 Final 27%
Utd. Blacuits...Mar. 3 Final 1.505
Utd. City
Merchants...Mar. 8 Int. 0.45
*VantoneFeb. 25 Final 5.01
Ward White ...Mar. 30 Final 2.68
*Waterford

*Waterford Glass...Mar. 18 Final 1.05 Wair Gp.Mar. 21 Final 3.86 Willis Faber...Mar. 20 Final 6.84

Wolseley-Hughes...Mer. 15 Int. 3.66

"Woolworth" (F. W.)...Mer. 12 Final 3.245
Yorkshire Chams....Mar. 22 Final 2.44

Hongkong & Shanghai 17 % Industrial Bk, of Scot. 171%

■ Morgan Grenfell 17 National Westminster 17

Norwich General Trust 17

P. S. Refson & Co. ... 17

Schlesinger Limited ... 17

United Bank of Kuwait 17

Whiteaway Laidlaw ... 171% Williams & Glyn's ... 17 % Wintrust Secs. Ltd. ... 17 % Yorkshire Bank 17 % Hembers of the Accepting Houses Committee.

7-day deposits 15%, 1-month deposits 15%%.

Trade Dev. Bank Trustee Savings Bank 17 Twentieth Century Bk. 17

-Sime...Feb. 25 Final 6.58

Muckle

Dzily Post.,.Mar. 21 Final **5.098**

Closures...Mar. 18 Final 2.805

(A. & J.)...Mar. 23 Int. 1,32 WestFeb. 26 Final 7.15

AAHMar. 29 Fine. Anglo-Amer. Inv....Mar. 13 Final 520c

Equipment Mar. 21 Int. 0.88
Aut and Wiborg Mar. 3 Final 1.44
BBA Mar. 29 Final 1.784
BICC Mar. 29 Final 5.29
BPM Feb. 27 Int. 1.052
BSR Mar. 9 Final 3.916
BTR Mar. 14 Final 3.916
BTR Mar. 14 Final 5.5
Barcleys Bk. Feb. 22 Final 7.41
Barratt Deva Mar. 19 Int. 2.5
Bajem Mar. 21 Int. 0.77
Bell (A.) Mar. 21 Int. 1.768
Bibby (J.) Mar. 11 Final 6.732
Booker

McConnell...Mar. 28 Final 3.952

Aluminium...Mar. 21 Finel 42.86 British

(Wm.).....Mer. 15 Final 3.094 m'i Benk Aust....Feb. 28 Int. 8.5c

Cons. Mines...Mar. 6 Final 45c Ductile Steels.....Mar. 13 Int. 2.119 Expanded

Fairclough
Constr...Mar. 13 Final 2.0
FisonsMar. 3 Final 8.337

Constr...Mar. 13 Finel 2.0

*FlsonsMar. 3 Finel 8.337

*GeneralMar. 27 Finel 4.917

Gibbons Dudley...Mar. 22 Finel 2.05:

*GrindleysMar. 4 Finel 2.071

Hall EngMer. 18 Finel 2.471

HarrisonsMar. 19 Int. 1.5

Ceramic...Mar. 20 Final 2.851

Fraser...Mar. 29 Final 3.437

(Alex.)...Mer. 27 Finel 4.5Feb. 28 Finel 8.486Feb. 26 Finel 2.003 askMer. 20 Finel 1.417

Banco de Bilbao 17 % Bank of Credit & Cmce. 17 %

Charterhouse Japhet ... 17

Consolidated Credits... 17 % Co-operative Bank*17 % Corinthian Secs. 17 %

Duncan Lawrie 17 %

First Nat. Fin. Corp.... 184%

The Cyprus Popular Bk. 17

E. T. Trust Limited ... 17

Bank of Cyprus 17 Bank of N.S.W. 17

A P Banks Ltd. 17
Arbuthnot Latham ... 17

InvereskMar. 20 Final 1.417

*Jacobs
(John I.)...Mar. 19 Final 1.35

Johnson and
Firth Brown...Mar. 16 Int. 1.3

*HK & Shanghai Bank...Feb. 28 Final HK\$0.60 *Hoover Feb. 27 Final 6.39

Metal...Mar. 19 Final 2.345

ing (C. T.)...Mar. 22 Final 2.348

ing dollar-denominated fuel. The airline is continuing to feel the bite of price competition on some routes-notably the transatlantic ones-but it is determined to broaden its network and this summer intends to add Atlanta, Dallas, Kuala

Eurocurrency loan for China

BY COLLENA MCDOUGAL

THE BANK of China signed its The Bank of China has agreed consortium at Peking's suggesfirst syndicated Euro-currency to provide its balance-sheet loan in London last Friday with before drawing the loan.
a consortium of 20 Middle In case of disputes which Eastern banks, led by the Union cannot be resolved through condes Banques Arabes et Fran-sultation, settlement will be by caises (UBAF). The loan which arbitration in London. In is completely untied, is for foreign trade the Chinese are \$300m for five years at 0.5 per coming to accept the idea of cent over London interbank arbitration in a third country, offered rate (Libor) to be re-though they much prefer to paid in a lump sum at the end. resolve problems through dis-

Dr. M. M. Abushadi, chairman cussions or before the Peking f UBAF, sees the loan agree. Arbitration authorities. of UBAF, sees the loan agreement as marking the move of China, from one era to another. From the early Government to Government and mainly bilateral deals to at least a semipublic syndicate.

Under the present agreement UBAF and the Alahli Bank of Kuwait have made the most substantial commitments at \$52m and \$50m respectively followed by the Arab Bank and

Under the terms of the loan, the Bank of China should have Lyonnais, DG Bank, and Banco drawn the whole amount by the end of six months from the signing of the agreement. The Bank of China may reduce the drawing, however, if it gives notice and if so where leading to that country this Lyonnais, DG Bank, and Banco de la Nacion Argentina.

The most recent sovereign if the price of silver remains in the syndicated loan market was a currency markets, provide for a spread of \$250m, six year credit, with a spread of \$140m or \$1.44 per share on revenues of \$510m in 1979 compared to \$13.5m or \$1.41 on revenues of \$390.1m

The Western partners of UBAF which include British, French, West German, and U.S. banks, have dropped out of the field.

tion. The amount of the loan was correspondingly reduced from the original \$500m agreed last March. The Chinese reportedly preferred to keep this an all Arab loan since they were already making bilateral arrangements with Western banks. The loan period has been extended from the original 3½ years to five.

UBAF legal advisors were Coudert Freres, whose Paris and Hong Kong offices have gained particular expertise in the China trade and banking

Argentine oil company to float \$100m credit

followed by the Arab Bank and the European Arab Bank at \$30m each, and the Arab African International Bank, at liferos Fiscales is to float a \$25m. The remaining participants have contributed \$3m to \$15m.

Under the terms of the loan, Bank and International, Credit through and Bank and Banks including to that country this the Bank at the Bank at the Bank at the Bank at the Bank and Bank at the Bank

(Libor) for the first four years, March 7.

Placid to drop offer for Gulf

By Our Financial Staff

PLACID OIL, the Dallas-based privately held company controlled by the Hunt Brothers, is dropping its proposed tender offer for shares of Gulf Resources and Chemical Corporation, the diversified mining group, because of the opposition of the Gulf Resources Board to the bid, estimated to be worth about \$400m.

The merger proposal was conditional on Gulf Resources directors agreeing not to oppose the offer by Friday evening, but earlier on Friday Gulf Resources said that directors unanimously rejected the proposal "as not in the best interest of its share-holders."

The Gulf Resources directors in rejecting the offer, said that it was inadequate and that it raises serious legal questions, mostly of an anti-trust nature. Earlier in the day, Gulf

Resources forecast a "substanthe previous year.

The Belgian franc was under

pressure at the bottom of the European Monetary System, and

the Belgian National Bank raised

the interest rate on Treasury

certificates, but left its discount rate unchanged at 101 per cent.

At the same time the authorities

in Brussels showed reluctance to

CURRENCIES, MONEY AND GOLD

Pressure on interest rates by COLIN MILLEIAM

the Bank of France had been 12 per cent from 111 per cent on increased to 71 per cent from 61 relatively generous with its Friday, intervention, buying large On V

reserve requirements.

GOLD

on Monday in abundant supply, falling to 11½ per cent, the lowest level for five months. The money market in France is tightly controlled by the authorities, and over the last formal falling to the falling to 11½ per cent, the in turn led to a firming of interest rates around the world, including Paris where the tightly controlled by the authorities, and over the last formal falling to 12½ per cent Thursday and Friday, taking it back to the five year peak first touched in December.

Also resulting from 11½ per cent on Wednesday to 12½ per cent Thursday and prime rates to 16½-16½ per cent Thursday an

France raised its money market at 12 per cent, and enabling the intervention rate by a per cent commercial banks to comfort to 123 per cent when buying ably meet their compulsory FFr 2bn of paper from the mar-The tightening of money con- the discount rate on Treasury

ditions in New York, following bills the preceding afternoon. In the rise in the Federal Reserve reaction call money rose sharply

February 21

(£28614-28812 (£284.75-287) (£283.155)

(£2 7.292) (£718-7314) (£761₂-791₂) (£77-80)

per cent. The weak Japanese ven and postponed plans for two failed to respond however and public borrowings. In its latest the foreign exchange market.

A rise in the discount rate was pressure and the need to main expected, but the timing was tain tight monetary policies. As obviously forced on the authori- a result of last week's events ties, since such a move is not the market now looks to Germany generally made while the as a likely place for a rise in national budget is still under the central bank discount rate, consideration by the Japanese to be followed by a similar move

drive interest rates even higher

OTHER MARKETS

Feb. 22	£	ş.		£ Note Rates							
	2.0665.2.0705: 8.48.8.49 88.287-90.276: 11.223-11.2434 nra 0.619-0.629 64.95-65.05 4.9625.4.9726 2.3325.2.3375 7.62.7.72 4.9075.4.9175 1.8436.1.8446	44,95-46,40 3,7240-3,7260 38,40-38,70 4.9220-4.9350 0,2732-0,2733 98,55-28,57 2.1800-2,1580 1,0245-1,0253 3,3590-3,3620 2.1560-3,1580 0,8100-0,8105	Beiglum Denmark France Germany Italy Japan Nethoriands Norway Portugal Spain Sweden Switzerland United States	28.60-28.85 66.75-67.25 12.47-12.53 9.32-9.38 8.99-4.015 1890-1955 563-569 4.39\24.42 11.15-11.22 10512-110 180-15.712 9.58-9.59 3.75\2-3.7712 2.275-2.285 51-52\2							
Rate	U.A.E. Dirham 8.49-8.59 3,7400-3,7430 Yugoslavia 51-521 ₉										

THE DOLLAR SPOT AND FORWARD							THE PO	UND SP	OT AND	FOR	WARD		1	
b, 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.	Feb. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.	١.
thind; land; nad; thind, lgium nmark, Ger, rtuga; ly rway inca rway inca stria ritz. † UK diace	1.7490-1.7620 47.65-47.90 65.89-67.04 811.15-812.90 4.8880-4.8940 4.1075-4.1320 246.40-247.75 12.853-12.573 1.6440-1.6540 and Ireland a	2.2755-2.2765 2.1030-2.1120 1.1320-1.1524 1.9352-1.9362 29.55-28.57 1.7580-1.7590 812.60-812.90 4.1895-4.1820 4.1865-4.1820 4.1865-4.1820 4.1865-4.1820 247.45-247.55 12.558-12.573 1.6610-1.6620 Ire quoted in Uihe U.S. doil	6.72-0.62c pm 5'-4c pm 1.60-2.10ors dis 1.12-1.02pf pm 8-18c dis 20-35c dis 1-13- lire dis 1.75-1.25ors pm 0.37-0.87c pm 0.75-0.85ors pm 1.45-1.30y pm 1.30-6.70gro pm 1.75-1.65c pm	1,70 3,22 4,15 1,99 -4,05 7,30 -3,26 -4,93 -1,86 2,67 1,86 6,68 12,28	3.30-3.20 pm 25-57 dis 65-85 dis 51-6 dis 5.05-4.55 pm 2.70-2.55 pm 4.00-3.85 pm 4.00-3.85 pm 4.50-21.50 pm premiums and	1.99 2.95 4.09 1.75 -4.28 7.39 -3.35 -4.48 -2.83 3.83 2.54 1.00 10.71 d	U.S. Canada Nethind. Belgium Denmark Ireland W. Ger. Fortugal Spain Italy Norway France Sweden Japan Austna Switz. Be	2.2700-2.2870 2.6110-2.6280 4.39'-4.42'-5 64.90-65.25 12.44-12.51 1.0780-1.0815 3.99-4.02 108.50-108.20 152.00-153.20 1,847-1,855 11.12-11.19 9.38-9.41 9.51-9.58 29.55-28.70 3.76-3.79'-1 19igiar rate is	2.2795-2.2765 2.6225-2.6236 4.40';-4.41'; 64.95-65.05 12.45-12.46 1.0787-1.0787 4.00-4.01 108.70-108.90 152.15-162.25 1,848-4,849 11.13-11.14 9.52';-9.52'; 562';-563'; 28.60-28.65 3,78-3.79 or convertible	0.28-0.18c pm 0.95-0.79c pm 2\frac{1}{c} pm 22-12c pm 2-4ore dis 0.02p pm-0.08dis 3\frac{1}{c} 2\frac{1}{c} pm 20-70c dis 15-65c dis \frac{1}{c} iire pm-1\frac{1}{c} dis 5\frac{1}{c} 3\frac{1}{c} c dis 1\frac{1}{c} 1\frac{1}{c} 1\fra	1.21 3.89 5.10 3.89 5.10 -2.89 -0.33 8.61 -3.15 -0.49 4.58 4.15 2.20 7.99 8.38 13.08 1 franc	0.90-0.80 pm 2.85-2.65 pm 67-51; pm 60-50 pm 71-93; dis 0.04-0.14dia 91-81; pm 30-130 dis 45-146 dis 45-146 dis 45-145 pm 101-33; pm 101-33; pm 101-33; pm 101-57; pm 11.50-10.90pi 57-57 pm 11.50-10.90pi 56-80-66.90.	1.49 4.27 5.44 3.38 -2.73 -0.33 8.89 -2.94 -2.50 -1.24 5.12 4.36 2.20	
1100	CHROCK	CV INTE	DECT DATE	-										1

(£2754-2771₂) (£283³4-286) (£281,533) (£276,680)

Gold Colns £277.280)

EURO-CURRENCY INTEREST RATES

The following months 16.70-16.90						•		E tulee-wont	ns 16.90-16.85	per cent; six
Feb. 22	Sterling	U.S.Dollar ,	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
7 days notice. Month Three months Six months	17-1712 17-18-17-1 18-18-18-1 18-18-18-1 17-17-17-1	155a-157a 155a-16 164-1512 16;; 17;; 16;; 17;; 163a-165a	9-10 9-10 134-134 134-134 14-144 14-141 ₂	115g-117g 113g-12 12-121g 12-125g 125g-125g 125g-125g 125g-125g	35.58 238-238 338-319 512-558 578-6 618-614	756-712 778-8 812-858 9-912 956-912 916-915	12-1214 1212-1254 1314-1358 1356-1373 14-1414 14-1414	1312-1512 15-1612 17-18 1812-1912 1912-2012 21-22	153-1575 1675-1675 1675-1656 1612-1658 1612-1618	7.9 836 856 936 912 978 1018 915 1018 978 1018

Long-term Eurodollar two years 153-153 per cent; three years 153-153 per cent; four years 15-154 per cent; five years 143-147, per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

LONDON MONEY RATES

三

Feb. 22 1980	Sterling Certificate of deposit		Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits		Treasury	Eligible Bank Bills &	Fine Trade Bills 4
Overnight	· 	15-1712		! =-		1642-1634	16-17	:		
2 days notice	· –	:	1712-1759	I - :	-	! - '	~	-	1 - 1	i —
7 days or	· –	. –	_ `	i !	-	: -	l		- !	-
7 days notice	_	174-175	175e-177g	į 🛶 ¦	18	173g-173g	163-167a	· _	1	1
One month	17:2-17:3	175, 18	173,	183 ₄ -181 ₂ !	18	18	1642	157g	1732	181g
Two months		17: 18		19-154	81	: -	1659	-16	175s	1775
Three months.		17:2 18	177s	184-1712	18	18-181 ₈	1612	. 161s	17 ₆₆	1752
Six months	17. 17.	1714 1712	1658-1714	171a-165a	173,	. 18			26	163
Nine months	16 2 163 ₈	1612 1634		17-16%	17	ı —	. ~	_	'_ ''	i — '
One Year		163a-165g	1612-1634	16Ja-16Ja	1634	: -			'	· —
Two years		_	16-1614		·	(-	·		' – i	i — '

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 157-167s per cent; four years 154-157s per cent; five years 157-154 per cent. • Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17 per cent; four-month trade bills

Approximate selling rates for one-month Treesury bills 15½ per cent; two-months 15½ per cent: three-months 16 per cent; Approximate selling rates for one-month bank bills 17½ per cent; two-months 17½ per cent: three-months 17½ per cent: three-months 17½ per cent: three-months 17½ per cent: three-months 17½ per cent. Firmance Houses Base Fates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 18,1843 per cent.

		,	1
Feb. 22	Bank rate	Special Drawing Rights	Europear Currency Unit
Sterling	17	0.574229 1.30976	0.623735
Canadian 8 Austria Sch	14	1.51042	1,65272 17,8397
Belgian F Danish K	1012	7,17094	40.6049 7.78764
D'Mark Guilder	5 91 ₂		2,49969 2,75215
French Fr	91 ₂ 15	5,39490 1058,92	5.87218 1154,68
Yen Norwgn. Kr	74 9	322,594 6,41389	550.682 6,95536
Spanish Pts	.8	87,6780	95,1688

CURRENCY RATES

7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15½%. Greyhound Guaranty. a Guinness Mahon LOCAL AUTHORITY BOND TABLE

BASE LENDING RATES

Annual Interest gross pay- Minimum of

		- sum	ропо
%		£	Year
15 <u>‡</u>	}-year	5,000	1
15≟	₁-year	1,000	1
	}-year	1,000	2
15 <u>‡</u>	⅓-year	1,000	1.
	}-year	1,000	4-6
15	-year	1,000	1
14≨	}-year	200	2-3
14	∮-year	200	5-6
	% 15½ 15½ 14½ 15½	% 15½ ½-year 15½ ½-year 14½ ½-year 15½ ½-year 14½ ½-year 14½ ½-year 14½ ½-year	% f 15½ ½-year 5,000 15½ ½-year 1,000 14½ ½-year 1,000 15½ ½-year 1,000 14½ ½-year 1,000 15½ ½-year 1,000 15½ ½-year 200

RECENT ISSUES

EQUITIES	

issue		\$ 5 5	<u> </u>	alon	Stock	돌은ස	+ or	2 2 2	25	먫	보월
Price Es Se	320	High	Low	<u> </u>	8-	-	5 5		5>	4 E	
£1 180 10	F.P.	21/5 7/3 28/2 7/5	102 108 11 88 34	961 ₂ 10 72	Child Health Ree'ch Emess Lighting Keep Inv. Trust 5p Lon.Merc'tSecs.Defd Roche Plant 10p	106 104		b6.0 	=	8.1 - 6.3	4.8 - 7.9

FIXED INTEREST STOCKS

ıx	Minest	1979/80	Stock	등 의	10
-	45 FP 15/2	II A IDM I LUBA	Aurora 5.85% Cum. Pref	5612p	ſ
	F.P. 50/5 F.P. 8/2 E10p. 24/4	88p 85p 88a 85a	Felixstowe Dock 9/3 Cum Red Pref	94 85p	
•					

\$23,50 Nii	l	issue Price	E G	Renunc.	197	9/80	**-	E 8.	۰ با
331 ₂ F.P. 82/2 28/3 69/ ₂ 58/ ₂ Edwards (Couls C.)			P# 24 (Hìgh	Low	Stock	용물	-
		331 ₂ 40 60 A\$1 60cts 25 25p	F.P. F.P. F.P. F.P.	22:1 29:1 3:1 24:1 	2101 pm 846 96 485 pm 485 pm 5 69	69pm 660 71 (80pm 57	Edwards (Louis G.). Elson & Robbins Hammerson Prop. A. Hanimex Corp. Pancortinental Paringa Premier Cons. Olifields	55 96pm 810 70 375pm 68	

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NOTICE OF RATE OF INTEREST

Citicorp Overseas Finance **Corporation Limited**

(Incorporated with limited liability in the British Virgin Islands) U.S.\$300,000,000

Guaranteed Floating Rate Notes due 1983

Unconditionally guaranteed by

OCITICORP

In accordance, with the terms and conditions of the abovementioned Notes and the Agent Bank Agreement dated as of August 20, 1979 between Citicorp Overseas Finance Corporation Limited and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 1616% per annum and that the interest payable on the relevant interest Payment Date, namely May 27, 1980 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$410.49.

February 25, 1980 By: Citibank, N.A., London, Agent Bank

CITIBANCO

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES

on offer to the public. For further details please ring: 01-248 8000, Extn. 266

BANCA COMMERCIALE ITALIANA LONDON Negotiable Floating Rate U.S. maturing 24 August, 1984 In accordance with the pro-visions_of the Certificates of

26 August, 1980 the Certificates will carry an interest. Agent First Chicago Limited

. Henry Schreder Wagg & Co. Ltd.

omer. lov.Tpt. Feb. 20. USS17.06 |-0.99 2.05 stan Fd. Feb. 4 USS27.66 22.26 |-0.99 2.70

25 February, 1980

Deposit, notice is hereby given

that for the interest period from 25 February, 1980 to

UNIT TRUST SERVICE

OFFSHORE &

OVERSEAS—contd. Lioyds Bk. (C.1.) U/T Mgrs.
P.O. Box 195, St. Heiller, Jersey.
Lioyds 1s. Cream. 156.
Lioyds 1s. Cream. 156.
Lioyds 1s. Cream. 156.
Lioyds 1rex delay february 21.
Lioyds 1rex Bk. 156.
Rext dealing February 21.
Agree. 18

nd Bank Tst. Corp. (Jersey) Ltd.

iff St., St. Heller, Jersey. 0534 36281. Drayton Gilt. 195.4 96.0 _____ 12.31 Standard Chartered Intl., Bd., Fd... Merray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5621
Hope St. Fd. US\$13 16 --*Morray Fund NAV February 15.

Nat. Westminster Jersey Fd. Migrs. Ltd. 45 La Motte St., St. Heller, Jersey 0534 36247. High income Franc. 1856 47.0 12.77 Epity Food 282. 530 384

Richmond Life Ass. Ltd.

18, Athal Street, Douglas, L.O.M.

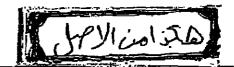
19, Athal Street, L.O.M.

19, Athal Street

Rayal Trust (C.1.) Fel, Mgt. Ltd.
P.O. Son 194, Royal Tst. Hee, Jersey. 0534 2744
R.T. int'l. Grap Tst. Hee, Jersey. 0534 2744
R.T. int'l. Grap Tst. Biss. 122
R.T. int'l. Grap Tst. Biss. 122
Prices Feb. 15, Near dealing Feb. 25.

6547338 448 -26 79 1124 -16 113 1124 -16 113

JAH WOLLTA



FT UNIT TRUST INFORMATION SERVICE

		THE ENVIR	TIAT OTHER TEAL	V DEZECTA CE	4
AUTHORISED 2	Scretionary Unit Fund Managers Blomfield St., ECCM 74L. 01-638 4485 St. Cearge's Way, Crinc, Feb. 22	AANA PANA	The state of the s	Chiton St., EC2A 4MX 01-247 7699 Enterp	oder Life Group* Bridge Management Ltd. price House, Partsymputh, 0705 27733 GPO Sot. 590. Hong Nong
	F. Winchester Fund Mant. Ltd.	Standard Units [63 6 12gement Co. Ltd. Scient Units [67] 8020 TAU 01 And Song Villed and Units [65]	67.5	5 A Mg. Feb. 21 155.7 la16 — Money 5 A Mg. Feb. 21 170.7 179.7 — Overise 5 A Mg. Feb. 21 136.2 143.4 — Proper	665185 3
Abdray Unit Tet Blance (a)	Ston Dudley Tst 76.4 B2.2 6.00 Mercury Fund	Managers Ltd. C2P 2FR M. 400 4558 Sun Alliance Fund I	Mand 104 1011 1012 1957 1957 1957	ru Ec. Ac. Feb. 15 376.5 396.9 - Incom	U.S. Dollar Centeristics Fes. 157.1 U.S. Dollar Centeristics Fes. 155.0 132.7 0.4 U.S. Dollar Centeristics Fes. 155.0 132.7 0.4 U.S. Dollar Centeristics Fes. 155.0 132.7 0.4 U.S. Dollar Centeristics Fes. 0.5
Abbey General 47.3 39.2 0.1 5.65 54 Abbey General 47.3 50.5 0.1 5.65 52 Abbey Gul & F.I. 7st 99.2 10.5 3.0 3.1 47.4 Ar	Dersitam Rd., High Wycombe. DC98 33377 Mer. Ger. Feb. 20 Mer. Ger. Feb. 20 Mer. Mar. Miss Feb. 20 Mer. Miss Miss Miss Miss Miss Miss Miss Mis	1 1 2 3 3 3 3 4 4 4 4 4 4	Dealings 1276 377 Perc. Equity Are 53.4 57.5	ns. Dep.Co. Feb. 15 150.4 158.4 F. Int. Money and on A decen & Mithol. Mit. Assur. Ltd. Money	PRO ACC 1122 7 122 9 1
Affen Plarvey & Ross Unit Tst. Magrs. 10 45. Cornell, London EC3V 3PB. 01-623 6318. 10	ecial Sits. 271 30,7 401 3.00 Unit Trust Ma mes Finlay Unit Trust Magt. Ltd. Courtwood House 1-14. West Nik Street, Glasgon. 041-204 1321 Fellow (unword: 10.84 0.11 11 17.70 Commodity & Gen.	Financial 73. Raggers Ltd. (4) (a) Gith Actum 11/1 Salver Street, Head. Investment Trust 34. 195.4 104.4 -0.6 3.57 American Esgle. 12. 195.4 104.3 -0.7 3.57 Pacific Accord. 28. 12.0 3.0 0.0 5.29 Pacific Accord. 28.	15.3 (4.9 - 0.3 4.13) Pens. Gitt Med. Agr. 52.4 'Ac	set Butter	Prices are for Life Series 4 Feb. 21. P.O. 80 SSO, St. Heley, Jersey. C534 74777 Std., 80 Fe. Int. 19, 38 9 55 4001 1430 Sterling Cap. Fe
Affici Hambro Group (2) (g) J. Hambro Hise, Harlon, Brentwood, Essex. Act 15.582 (c) 1.582 (c) 1.583 (c) 1	om Units 55 1 3777 519 0c, Accum. Pletay High Income 23.4 37.0 9.0 0ce-ses Gröwth. First High Income 23.4 37.0 9.3 0c. Accum. First High Income 23.4 37.0 0c. Accum. First High Income 23.4 37.0 0c. Accum. First High Income 23.5 3.5 3.5 0c. Accum. First J. C. Accum. 23.5 0c. Accum. First J. C. Accum. 23.5 0c. Accum. First J. C. Accum. 23.5 0c. Accum. First J. C. Accum. 23.6 0c. Accum. Nath American	95.4 104.4 -0.6 3.57 American Esgle 17.1 116.3 17.3 -0.7 3.57 Pacific Income 24.4 24.5 25.6	285 1.3 1073 Perform Units 2226 1.3 1.990 Fig. 3 59 feet -0.1 11.43 Perform Units 2226 1.3 1.990 Fig. 3 1.990	ney Manage	70, Feb. 22
Growth & Income 41 4 443 0 569 Fr Elect. & Ind. Dev 38.4 913 0 533 64	Amiliangton Unit Mgt. Lid. (a) Do Accom. London Wall, ECZM SNO. 01-628-5391 High Yield Prican 178 Equity Everaph 178	60.4 65.4 0.4 9.29 Equy Ex. Inc Feb. 20 222 70.1 75.9 0.5 9.29 Equity Ex. Accum 336 117.2 123.6 5.33 Tower Unit Trust M	5 305 - 652 Vr. An. Ac. Feb. 25 - 7.069 - 652 Vr. An. Ac. Feb. 25 - 7.069 - 652 Vr. An. Ac. Feb. 25 - 7.069 - 652 Vr. An. Ac. Feb. 25 - 7.069	gity 100.7 103.7 Skan ued interes 22.5 102.7 102.7 102.1 poerty 192.7 102.2 102.2 poest 102.2 102.2 Marsi used 177.3 93.0 Equation	dia Life Assurance Co. Ltd. Capital Int Find
High Vetal Fd. 168.8 73.6x1 -0.31 High Factor Floring The Transfer Fd. 171.7 76.5 -0.77 7.71 Int. A. H. Eq. Inc. 101.1 44.0x1 -0.22 7.93 (A. Expansitional Funds	17a Indoor Trius 68.2 51.2 10.20 06. Accom. 17a Indoor Trius 68.2 51.2 10.20 06. Accom. 17a Indoor Trius 57.6 40.0 -0.2 8.32 Friers at Fe	57.5 40.6 0.96 Ingone 9, Growth 127. 5. 22. West dealors Feb. 29. Whanagers Ltd. Trades Union Unit 100, Wood Street, E.C.2.	8 23 4 - 23 2 12 Williams of Fund 2018 252 253.8 - TI 8 29.2 + 0.3 257 PPIP Fund 2018 465.5 - Williams	ne London & Manchester Ass. Gp. 9 Pent. Pent. 1392 52155	Adversa Diagram 2 2024 4 37 was according to the control of the co
Pacific Fund	than End, Derking. 0306 5055 Everny Jax. 31 6405 Prov. Units 199.2 52.6 -0.21 4.84 MLA Unit Trus 197.5 in Court* 014 Queen Street, 197.5 in Court*	99.9 103.9 6.46 Transuttantic and 6 91.99, New London Rd (Gr. Sees. V (2797) Highermore, 0295-51651 1 87.1	en inter Ford 1277 -0.6 Stam v. Trust Food 157.7 -0.5 Stam v. Trust Food 157.7 -0.5 Stam d. Disposis Fd. 111.4 +0.2 Managard Interest Fd. 91.7 -1.3 Proper	dard Life Assurance Company 77.0. Sat 86, St. Peter Part, Guerrier, 6-22 and 1,70 rays St., Edmburgh EN2 2022 . 031-225 7571. Gitte Gait Fd. (C.1.1
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U.S.A. Exempt	Finshury Circus, ECZM 7DD 01-628 8131 Metual Unit 1 T. Cap. Income 121 1 128.8 -0.4 3.10 15 Capital Ave. 1522 161.9 -0.8 310 Metual Cre. Ples.	rust Managers (a)(g) Field Instit. Feb. 21 100 (Actum Units) 100 5028 7811. 01-606 4803 100	y 93,0 1 2:22 i Due Ed Image (1076 112a) 1337 F3	ctre Yieldr d. 66. 1728 77.5	Miance House, Horsoam. 040364141 Gruneburgwag 113, 6000 Frankfort Invests. 1515.0 July 1239. — University 113, 6000 Frankfort
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Oct. Benlox 6M, 1.0p
Aug. Bett Brat. 20p...
Nay Breedon Lime...
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Aug Brownlee ...
May Bryant Hidgs...
Jan. Burnett & Hallaum
Aur. Burt Boaton £1 **CANADIANS** INTERNATIONAL BANK **CORPORATION LOANS** AND ALL CALLS IN THE PROPERTY OF A STATE OF A STATE OF THE PROPERTY OF A STATE OF THE PROPERTY OF A STATE OF A STATE OF THE PROPERTY OF THE PROPERTY OF A STATE OF THE PROPERTY OF TH Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main L Telex: Editorial 416052, Commercial 416193, Telephone: Editorial 7598 234, Commercial 7598 1. EDITORIAL OFFICES Amsterdam: P.O. Bax 1296, Amsterdam-C. Telex 1652: Tel: 276 796 Birminsham: George House, George Road. Telev 338650 Tel: 021-454 0922 Bona: Prechass 11:104 Heissallee 2-10. Tolex 8869542 Tel: 210039 Brussels: 39 Rue Ducale. Telox 23283 Tel: 512-9037 Cairo: P.O. Bex 2040. Tel: 938510 Dublin: 8 Fitzwilliam Sorare. Tolex 5414 Tel: 785321 Edinburgh: 37 George Street. Teles: 72484 Tel: 051-226 4120 Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234 Johannesburg: P.O. Box 2123 Telex S-6257 Tel: 838-7545 Lisbon: Praca de Algeria 58-1D, Lisbon 2, Teles: 12553 Tel: 362 508 Madrid: Espronceda 32, Madrid 3, Tel: 441 6772 ADVERTISEMENT OFFICES Birminstam: George House, George Road. Telex 338650 Tel: 021-454 0922 Edurburgh: 37 George Street, Telex: 72484 Tel: 031-226 4139 Leeds: Permanent House, The Headrow. Tel: 0532 454969 Marchester: Queen's House, Queen Street. Telex 666813 Tet: 661-834 9381,

J-PHODIETA 3



Kabul civil servants in protest strike

BY OUR FOREIGN STAFF

SHOPS AND bazaars in Kabul an American, called an agent of indicated that the Soviet press Soviet embassy and a Russian ruling Revolutionary Council. remained closed for the fourth the Central Intelligence Agency, consecutive day, and civil ser- and 16. Pakistanis, also more on the alleged intervants were reported on strike "saboteurs," had been arrested. ference by Western powers to yesterday following last week's bloody protests against the Soviet intervention in Afghani-

Rebel forces based in Pakistan said that hundreds were in two days of fighting between civilians and Afghan troops in the capital.

organised by the U.S., Pakistan for a tougher line in Afghanisand China to mount a revolt tan. He said that Soviet troops against the Government of President Babrak Kamal,

A report in the Soviet Com-

situation for the Soviet forces in Afghanistan, the Soviet Press yesterday for the first time reported widespread unrest in the country and blamed it on stan said that hundreds were the country and blamed it on outside Kabul, said reports from killed and thousands wounded foreign backed "counter revo- the cities of Herat, Kandahar

Despite the threat of a boyott of the Moscow Olympics by The Afghan Government said the U.S., President Leonid it had crushed an attempt Brezhnev on Friday set the tone would remain while the U.S. continued to interfere in Afghanistan's affairs.

The Pravda article yesterday

Reflecting the deteriorating justify Moscow's continued presence there.

> The Pravda correspondent, in Soviet newspapers of unrest and Jalalabad indicated that "counter revolutionaries," supported by foreign intelligence services, were creating dis-

> Some reports from Afghan rebel forces confirmed these

would now put the emphasis housing compound following more on the alleged inter- last week's violence. By blocking access to bridges

across the Kabul River, the Soviet soldiers in effect split the city into two parts, accordthe first acknowledgement by ing to the Associated Press Pakistanis had been involved in news agency, quoting reports from Kabul.

> cow yesterday reported that civil servants who had gone on second deputy Prime Minister strike in Kabul would continue Sultan Ali Kishtmand was their action indefinitely. recovering in hospital following treatment for a stomach ulcer. The embassy denied a report

by rebels that Mr. Kishtmand, who ranks third in the Afghan the Jamait Islami g government, has died from Islamic guerrillas said. According to reports from government, has died from New Delhi, Soviet troops sealed bullet wounds sustained during off half of Kabul to protect the a clash within Afghanistan's

in Pakistan, the cabinet under President Mohammad Zia w Haq met to discuss the violence in neighbouring Afghanistan. The Pakistan government denied at the weekend that

the demonstrations. In Islamabad, a spokesman The Afghan embassy in Mos- for Afghan insurgents said that

> "If the government tries to force the officials to return to resisted," the representative of the Jamait Islami group of Kabul's challenge to Moscow, Page 2

ratio on existing debt is fore-

cast to be 41 per cent and then

in the following years 37, 43, 33

These are high levels, and the paper says: "Unfortunately the

palliative approach of the last

recheduling exercise and debt

relief operation did not help

towards formulating a lasting

solution to this very serious

The paper outlines the major

steps taken to correct the causes

of the recent crisis, including a

33 per cent devaluation and

state produced goods.

The package has won the

approval of the International

Monetary Fund, which last

week made \$193m available to

Governments have yet to

co-ordinate their responses to

the country is seeking a re-

and 27 per cent.

problem.

Turkey.

THE LEX COLUMN

Tax measures for giant killing

Despite the recent pick-up, takeover activity has been running at well below half the rate of the boom years at the beginning of the 1970s. The mergerboom has produced a backwash of disillusionment: there has been scant evidence that conglomerates, often buikt up in an arbitrary way, have turned in better performances than the individual components would have done left on their own. There are diseconomies of scale as well as economies.

Many examples exist such as Rolls-Royce Motors (when part of the aero engines group) or Leyland trucks and buses, of successful enterprises dragged down and drained of cash by the needs of other businesses in liable to fall foul of the Mono-polies Commission on further acquisitions, even where the industrial logic is good. And there are many sleepy corners of large groups where the managers lack incentive and independence. ---

Legislation

Some companies—with GEC in the vanguard—have now begun talking in public about splitting into sub-groups which would be entirely independent. But many prospective demergers face an impenetrable barrier in present tax legislation. While the current " small is beautiful " movement has yet to prove that it can produce superior results, it is widely recognised that the resent heavy bias in tax legislation towards agglomeration should be corrected as much as possible. That is why the Government is preparing to bring out important measures in

next month's Budget statement

to remove the barrier. the Turkish request. Bankers had feared some such move. Demerged companies will Some bankers are disturbed that admittedly be turning their backs on some solid benefits. Large conglomerates have more scheduling when as one puts it: The ink is hardly dry on last deal with Turkey's medium. The main influence leading to that they are to a large extent term economic planning and this "rather bleak picture, as locked into Turkey, and that if the paper describes it is the paper describes i

> sidiary, Caledonian Holdings, a day after it was floated. much emphasis on the ailing parts of their business and de- than income tax, is also charge-

merging can be the best way of pushing up market capitali-sation and reducing vulnerability to takeovers. Crucially, institutional investors now have a much more positive attitude companies than they had, say, a

decade ago.

Little can be done to remove he inherent bias tax system in favour of size created by group relief, which permits companies to offset tax obligations in one part of their operation with allowances elsewhere. This factor has been a major inducement for mergers, as in the case of the Trafalgar House takeover of Cunard - together with its capital allowences— and the BAT Industries takeover of International Stores to cover UK advance corporation-

The simplest way of splitting a company is to hive off the subdivisions and give shareholders stock in the new companies in proportion to their holdings in the parent company. Under present legislation this process would run into both income tax and capital gains tax problems. The income tax difficulties are the more formidable.

Liquidating

All distributions to shareclout in obtaining finance, can holders — whether as cash or support cash hungry operations assets — are normally subject with cash generators and obtain to income tax and ACT. One a steadier profits performance of the two executions is when a by spreading their interests company goes into liquidation. Stenhouse Holdings found last successor companies without inyear, when a takeover battle curring an income tax liability, broke out for its former sub- although CGT is chargeable.

For close companies, even liquidation is not foolproof, On the other hand, many since the Revenue can treat the companies believe that the new shares as a distribution Stock Exchange can put too under the tax avoidance provision Section 460. CGT, rather

able where share capital is being returned to shareholders, as in the case of W. N. Sharpe in 1978. Here again the Revenue must be satisfied, under Section 460, that the main aim is not to obtain a tax adavantage.

Liquidation was the method used by John Laing in 1978 when it split into the John Laing construction and Laing Properties subdivisions. However, it is not always a realistic option since the commercial cost can be exortionate. In particular, the terms on which many debentures have been issued require repayment of the loan capital on liquidation. The interest rate differentials involved in replacing loan stock in the present financial climate make such a move prohibitively expensive for many companies—including GEC.

The main concern in loosening the legislation is that the new provision could become a rebicle for tax avoidance. If division of a company were not considered a distribution a company could spin off its cash in a new company whose stock would be issued to shareholders. The new company could then be liquidated and shareholders would receive what was in effect a dividend without liability to income tax or ACT.

The difficulty in framing pre-cise legislation is that the division could be part of a chain of developments, the end result of which is that cash or assets asses out of the corporate sector into the hands of shareholders without liability to tax.

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Briefly

The Revenue is known to be unhappy about adopting a prior clearance system, since this would call on it to make commercial judgments which it argues it is not equipped to do. Nevertheless, prior clearance is a strong possibility, tied to some form of time test in which cash or assets would not be permitted to move out of the corporate sphere for several years after the division.

The changes will not remove the group relief inducement in favour of mergers, but they will introduce a bias in favour of a company demerging as opposed to selling off part of its business, latter operation would be subject to capital gains tax. But with the big companies on the international stage showing few signs of shrinking, and Government intervention favouring the big guns, shareholder pressure will need to be extreme before in significant numbers.

Opposition to U.S. nuclear plans

BY DAVID FISHLOCK IN HANFORD, WASHINGTON

THE 46 nations participating in a two-year reappraisal of nuclear technology first proposed by President Jimmy Carter at the London Economic Summit in 1977 have refused to endorse U.S. Government policies for control of nuclear proliferation.

The final conclusions of the International Nuclear Fuel Cycle Evaluation are expected to be made public after the final plenary meeting under the chairmanship of Professor Abram Chayes of the U.S. in Vienna this week.

In spite of a considerable weight of international opinion against U.S. policy on the fast-breeder reactor and reprocessing of spent nuclear fuel, both banned as commercial practice in the U.S. at present, there is no sign that Mr. Carter is willing to relax U.S. policy.

The President is still fighting Congress in his efforts to abandon the Clinch River demonstration fast reactor, of which the U.S. Government and the electricity industry spent between them \$165m (about £220m) by the end of 1979.

Major components for this 380-megawatt plant manufac-tured and tested by industry to the value of \$36m by the end of last year have piled up in warehouses as all site work continues to be blocked

A powerful U.S. nuclear reactor, burning plutonium fuel and designed to test fuel and other parts for commercial fast-breeder reactors, has begun to operate despite vigorous attempts by opponents of nuclear power to pre-

The £300m reactor, under construction since 1970, has, as the physicists say, "achieved criticality" on the

BY TONY WALKER IN PEKING

their efforts

huilding of nuclear power

The Vice-Premier, who is President of the Chinese Academy of Sciences, was

addressing the founding confer-

ence of the Chinese Nuclear

The revival of debate in China

about a nuclear industry sug-

gests that Chinese authorities

conditions for the

to overcome energy shortages.

Chinese Vice-Premier

PEKING-Vice-Premier Fang ahead with a nuclear power

nuclear lobby for the develop- In July last year. China ment of nuclear power stations announced it had decided not to

Fang told a large group of Chinese nuclear scientists in Peking at the weekend that he supports their effects of the supports the supports

backs nuclear lobby

Yi has supported calls by China's generation programme.

eve of the crucial INFCE statement on plutonium and fast-breeder reactors this

Because Government-funded reactor at Hanford, Washington State, is seen by some as conflicting with U.S. policy, the U.S. Government bas ordered minimum publicity for this fast-flux test facility, as the

project is called. The latest U.S. energy budget forecasts allocate \$70m for operation of this reactor in 1981. It is seen as key step in development of fuels for commercial fast reactors, and for testing some of their more critical com-No other nation has built

such a powerful research facility for this purpose. It burns a fuel enriched with 25 cent of plutonium, assembled and inspected in an adjoining laboratory. Top-level discussions have been held recently between

Britain and Westinghouse Electric, which designed and built the reactor, about cel-loaboration on fast-reactor development. The U.S. is concentrating

its fast-reactor programme. formerly scattered among several national laboratores. at the Handford Engineering Development Laboratory, managed by Westinghouse. has been built for \$674m, the cost estimated in 1974, despite

what one senior scientist

described this weekend as

"an all-out attempt to pre-

vent it going critical." Start-up conditions came remarkably close to those forecast by its designers fiveyears earlier. Plans are to raise it slowly to full power, 400 megawatts of heat, by the

take up its option on two French

of the Second Ministry of

Machine Building which admini-

programmes, called for prompt

planning to develop nuclear

long-term plan for the develop-

ment of nuclear power, while scientific research work must

proceed immediately." he told

fellow-scientists.

"We must quickly make a

Turkey seeks £3.7bn loan from West BY DAVID TONGE

alternatives today—either they ssist he county wih \$8.5bn (£3.7bn) of bilateral and untied oans over the next five years or they, and the commercial banks, agree to reschedule nearly half of Turkey's \$14bn (£6bn) debt.

These alternatives are set out in an official paper which the Turks are to discuss today in Paris with the Organisation Development officials. Two weeks ago Mr. Turgut

Ozal, the Turkish Minister responsible for co-ordinating economic affairs, had said he would seek a rescheduling of about \$3bn worth of official debt, most of it already rolled over Senior Turkish officials then said that no decision had been made on approaching the banks.

But the paper, which is prepared by Mr. Ozal's state planning organisation, also says that Turkey should convert "into a logical and reasonable commitment" the interest due in the next five years and the principal due on commercial bank debts. This is the first such warning to the banks, which last year rolled over \$2.9bn worth of Turkish debt and lent the country \$407m of fresh money. In both cases the terms included repayment over seven years.

Continued from Page 1

their counterparts in the

The UK quotas on certain

synthetic fibres that were authorised by the European

Commission last week have

been condemned by British com-

panies as being thoroughly in-

Most of the chemicals now

Acrylonitrile is used for mak-

ing synthetic rubber and fibres:

vinyl acetate for adhesives,

emulsion paints, plastics and

textiles: paraxylene for poly-

synthetic rubber and plastics.

According to some chemical

companies. U.S. styrene is now

arriving in Europe at a price

of about \$770 a tonne, compared, they claim, with a U.S. domestic price of about \$815 a

tonne. When duty, transport costs and a profit margin have

being cheaply imported to Europe from the U.S., are used

in the making of fibres.

synthetic fibres industry.

adequate

U.S. chemicals

energy prices, fear they may \$880 a tonne and this is still have as much difficulty in fighting off the Transatlantic threat hetween \$960 and \$1,000 a

TURKEY is to present Western a pledging session to raise fresh to service Turkeys existing governments with two stark credits for Turkey.

This year debt repayment and

Herr Hans Matthoefer; the interst is expected to be the West German Finance Minister, debt. is now trying to co-ordinate this equivalent of 47 per cent of effort, which after the Afghaniearnings from exports and invisibles. Next year the service stan invasion has taken on

added importance.
Last May, Western governments pledged \$906m credits to Turkey and this year it is hoped to raise between \$1.3bn and In the official paper, Turkey

forecasts that by 1985 it will be showing a net balance of payments surplus on current and capital account but that between 1980 and 1983 there will be an average annual financing gap of \$1.6bn.

The Turks want this gap financed with untiled loans at concessionary terms of 10 years repayment, with a four-year grace period, and interest at per cent. They say that on this basis

Turgey will need \$1.6bn this year, \$2.5bn in 1981, \$2bn in 1982, \$1.8bn in 1983 and \$0.6bn in 1984. They request that the rescheduling be on the same concessionary terms.

For 1980, the paper expects exports to total \$3.150m, imports \$6.90m. and invisible earnings -mainly migrant workers, remittances-\$1,580m. These are year's agreements." expected to rise at annual average rates of 25.4, 10.4 and 18.3 Western governments have The meeting in Paris is to per cent respectively until 1985, 'primed the pump, but many say

comes one month before OECD the paper describes it, is the members are expected to hold "unrealistic payments required have little option but to follow.

tonne being charged by

The chances of bringing a

successful anti-dumping case against the U.S. over styrene

imports are thought to be slim.

European countries believe that

producers believe this would not

be enough to stop their markets

European chemical producers

are charging a contract price of

between \$870 and \$900 a tonne

for acrylonitrile. Imports of

acrylonitrile from the U.S. are

being sold for about \$830 a

tonne and in some cases the

effective price is only \$700 a

tonne. There is a 16 per cent

duty on imports but European customers who buy it to turn

it into synthetic fibres for ex-

port are allowed to "drawback" the duty. Some European syn-

thetic fibre exporters are there-

European producers.

being eroded.

Alusuisse in

Italian move

IN A re-organisation of its Italian activities, Swiss Aluminium has set up Alusuisse Italia Spa in Milan with a capital of L20bn and an anticipated 1980 turnover of some L150bn (\$184.7m), writes John Wicks in Zurich.

Weather

Cloudy with some rain or drizzle. Max. 9C (48F).
Outlook: Mainly dry with bright spells after fog. Colder.

WORLDWIDE

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U.S. producers will be quick to raise their European price to a level just above the American MOSTLY dry after fog. Some rain in eastern parts. domestic price. The European London, S.E. England and East Angila

Mostly cloudy and foggy, Rain in places. Max. 7C (45F). Cent. S. England, E. and W. Midlands, Wales, N. and W. England, S. Scotland Mainly dry after fog. Some sun. Max. SC (46F). E. and Cent. N. England,

Borders, E. Scotland Mainly dry and dull. Fog persisting. Max. 6C (41F). N. Scotland, N. Ireland, Orkney, Shetland

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•	Athena	R	6	43, Jo burg	F	23	
-	Bahrain	R	22	72 L. Pima.	F	18	
- 1	Barcina.	C	14	57 Lisbon	F	16	
. i	Sevint	F	15	59 Locarno	5	8	
١	Beliest	Ç	6	43 London	R	6	
.	Beigrd.	Š	3	37 Los Ang.	C	22	
ij	Berlin	5	3	37 Luxmbg.	F	8	
	Biarritz	R	5	41 Medrid	ċ	11	
٠,	Bmghm.	С	5	41 Majorca	C	15 19	•
- 1	Bleckpt.	C.	5	41 Melaga	F	19	1
- 1	Bordx.	F	8	46 Malia	Ç	14	
	Boulgn.	R	6	43 M'chatr	С	4	
١,	Bristo	С	2	36 Milan	\$	9	
١	Brussels	S	12	54 Mintreal.	C.	-6	
:	Budpst.	F	3	37 : Moscow	Ç.	-6	
	B. Aires	C	26	78 Munich	S	4	
ا :	Cairo	C	18	64 Napies	5	13	
ا :	Cardiff	Č	4 -	39 Nwcstl.	C	7	i
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ı	Conhan.	Ě	<u> </u>	28 Paris	R	.7	
	Corfu	F	11	52 Prague	S	4	1
ı,	Dublin	С	6	43 Reykjyk.	F	1	1
-1	Dbrynk.	S	11	52 Rhodes	F	14	ļ
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- !	Landage	ĕ	Ē	48 Zurich	ě	ā	è

Jiang made it clear China been added in the actual selling fore receiving a \$130 a to would need outside assistance to develop a nuclear industry. in Europe is between \$870 and acrylonitrile raw material. fore receiving a \$130 a tonne rebate on their imported may be reviewing a decision Policy to help develop products for export

sters military-related nuclear ester fibres and styrene for

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

public purchasing policy to encourage British companies to for the Government to provide with the suppliers to develop develop products which can win direct help to industry.

Now civil servants in Sir

which includes the Industry Department's product and process development aid scheme.

Sir Keith Joseph, Industry Secretary, has decided that this aid scheme, set up three years ago under the Science and Technology Act. 1965. should continue indeficitely. His decision is partly the result of concern that companies may cancel some development programmes because they face declining levels of profitability

over the next two years. Sir Keith is also the prime

potential overseas customers. Board has been involved in the the Department of Health. mining manufacturers in the develop-

Treasury approval for his ideas, should only state their objecwhich he sees as a major way tives. They would then work products.

It is hoped this would imthe public sector might usefully difficult to develop an overall be linked with suppliers so that policy covering, for example. new products can be developed automated offices, the electricity then demonstrated to industry defence equipment, coal mines, and the national Existing links, quoted to health service which itself has illustrate the potential, include just been provided with a new the way the National Coal central procurement agency by

specially development of mining Sir Keith is specially machinery, and the co-interested in the idea because operation between the Post it does not involve any signifi-Sir Keith Office and telecommunications cant increase in public expenditure and because it could be ment of System X — automatic seen as an alternative to the exchange equipment. exchange equipment. sort of direct State aid to The idea is that instead of industry of which he dis-

THE GOVERNMENT is to draw mover behind the proposed specifying precisely what equip- approves. He is running this up detailed plans during the public purchasing policy. He ment they need, public sector aid down so that on overage, next few months for a new has just received outline departments and agencies over the next four years, it will 1980 levels. In spite of this rundown, Sir Keith decided some time ago

that the product and process This will complement other State encouragement for research and development work, ment, presumably because he does not basically approve of such policies. Some £46m has been allocated for 367 projects worth £150m under the scheme since 1977.

The aid covers 25 per cent of development costs incurred between the design stage and commercial production of a new product or process. Alternatively 50 per cent of the cost can be provided if the Governthe value of commercial sales. Sir Keith Jeseph's ideas on

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J.A. JoshiTA